

Preliminary Official Statement Dated January 16, 2015

NEW MONEY ISSUE

MOODY'S RATING:

(See "Ratings" herein)

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds (as defined herein) and the Notes (as defined herein) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

In the opinion of Bond Counsel, under existing statutes and regulations, interest on the Bonds and Notes is excludable 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. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See "Tax Matters" herein.)

TOWN OF CLINTON, CONNECTICUT

\$5,000,000

GENERAL OBLIGATION BONDS, ISSUE OF 2015

BOOK-ENTRY ONLY

Dated: Date of Delivery

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

The Bonds will bear interest payable on August 1, 2015 and semiannually thereafter on February 1 and August 1 in each year until maturity.

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

The Bonds are being offered for sale in accordance with the official Notice of Sale dated January 16, 2015. Electronic bids via **PARITY**[®] for the Bonds will be received until 11:30 A.M. (E.S.T.) on Wednesday, January 28, 2015 at the office of the First Selectmen, Town Hall, 54 East Main Street, Clinton, Connecticut 06413 as described in the Notice of Sale. (See "Appendix E - Notice of Sale" herein).

Due: February 1, 2018-2035, as shown herein

MOODY'S RATING:

(See "Ratings" herein)

\$26,000,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES

BOOK-ENTRY ONLY

Dated: February 10, 2015

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

The Notes are NOT subject to redemption prior to maturity.

The Notes are being offered for sale in accordance with the official Notice of Sale dated January 16, 2015. Sealed bids and/or electronic bids via **PARITY**[®] for the Notes will be received until 11:00 A.M. (E.S.T.) on Wednesday, January 28, 2015 at the office of the First Selectmen, Town Hall, 54 East Main Street, Clinton, Connecticut 06413 as described in the Notice of Sale. (See "Appendix F - Notice of Sale" herein).

Due: February 9, 2016

The Bonds and Notes will be 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 and the Notes. Purchases of the Bonds and the Notes will be made in book-entry form, in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership in the Bonds and the Notes. So long as Cede & Co. is the Bondowner or Noteowner, as nominee of DTC, reference herein to the Bondowner, Noteowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds and the Notes. (See "Book-Entry Transfer System" herein).

This Official Statement is in a form "deemed final" by the Town for the purpose of Securities and Exchange Commission Rule 15c2-12.

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

The Bonds and Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut, Bond Counsel. It is expected that delivery of the Bonds and Notes in book-entry form will be made on or about February 10, 2015.

TOWN OF CLINTON, CONNECTICUT

\$5,000,000

GENERAL OBLIGATION BONDS, ISSUE OF 2015 BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: Serially, February 1, as shown below

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP (1)</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP (1)</u>
2018	\$ 275,000	%	%	187360***	2027	\$ 275,000	%	%	187360***
2019	275,000			187360***	2028	275,000			187360***
2020	275,000			187360***	2029	275,000			187360***
2021	275,000			187360***	2030	275,000			187360***
2022	275,000			187360***	2031	275,000			187360***
2023	275,000			187360***	2032	275,000			187360***
2024	275,000			187360***	2033	275,000			187360***
2025	275,000			187360***	2034	300,000			187360***
2026	275,000			187360***	2035	300,000			187360***

TOWN OF CLINTON, CONNECTICUT

\$26,000,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES BOOK-ENTRY-ONLY

Dated: February 10, 2015

Due: February 9, 2016

<u>Coupon</u>	<u>Yield</u>	<u>CUSIP (1)</u>
%	%	187360***

- (1) Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds and the Notes. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds and the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and the Notes.

No dealer, broker, salesman or other person has been authorized by the Town of Clinton, Connecticut (the "Town"), to give any information or to make any representation, 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 and the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

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

Other than as to matters expressly set forth in Appendix A – "Audited Financial Statements" herein, the independent auditors for the Town are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same. The auditors have not been asked nor have they given permission for the audited financial statements to be included in this Official Statement.

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

Independent Bond and Investment Consultants LLC, the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

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

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, with respect to the Bonds the Town will agree to provide, or cause to be provided (i) annual financial information and operating data within eight months of the end of the fiscal year, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreements. With respect to the Notes, the Town will agree to provide, or cause to be provided a notice of the occurrence of certain events within 10 business days of the occurrence of such events. The Continuing Disclosure Agreements for the Bonds and the Notes shall be executed in substantially the forms attached as Appendices C and D, respectively, to this Official Statement. The winning bidder's obligation to purchase the Bonds or the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds or Notes, an executed copy of the Continuing Disclosure Agreements for the Bonds or Notes.

BOND COUNSEL

PULLMAN & COMLEY, LLC

Hartford and Bridgeport, Connecticut
(860) 424-4337

INDEPENDENT FINANCIAL ADVISOR

**INDEPENDENT BOND AND
INVESTMENT CONSULTANTS LLC**

Madison, Connecticut
(203) 245-8715

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BOND SALE SUMMARY

The information in this Bond Sale Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Wednesday, January 28, 2015, until 11:30 A.M. (E.S.T).
Location of Sale:	Clinton Town Hall, First Selectman's Office, 54, East Main Street, Clinton, Connecticut 06413.
Issuer:	Town of Clinton, Connecticut (the "Town").
Issue:	\$5,000,000 General Obligation Bonds, Issue of 2015 (the "Bonds").
Dated Date:	February 10, 2015.
Principal Due:	Serially February 1, 2018 - 2035.
Interest Due:	February 1 and August 1 in each year of maturity, commencing August 1, 2015.
Purpose:	The Bonds are being issued to finance the construction of a new high school and authorized by a bond resolution approved at referendum.
Redemption:	The Bonds are subject to redemption prior to maturity. (See "Optional Redemption" herein).
Security:	The Bonds will be general obligations of the Town of Clinton, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due.
Credit Rating:	The Town has made an application for a rating on the Bonds to Moody's Investors Service, Inc. ("Moody's"). Moody's currently rates the Town's outstanding Bonds "Aa2". (See "Ratings" herein).
Basis of Award:	Lowest True Interest Cost ("TIC") as of the dated date.
Tax Exemption:	See "Tax Matters" herein.
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 notices of material events 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.
Bank Qualification:	The Bonds shall NOT be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Certifying Bank Registrar, Transfer and Paying Agent:	U.S. Bank, N.A., Hartford, Connecticut.
Legal Opinion:	Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry form will be made on or about February 10, 2015, against payment in Federal funds.
Issuer Official:	Questions concerning the Town and this Official Statement should be addressed to: William W. Fritz, Jr., First Selectman, 54 East Main Street, Clinton, Connecticut 06413; Telephone (860) 669-9333.

NOTE SALE SUMMARY

The information in this Note Sale Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Wednesday, January 28, 2015, until 11:00 A.M. (E.S.T).
Location of Sale:	Clinton Town Hall, First Selectman's Office, 54, East Main Street, Clinton, Connecticut 06413.
Issuer:	Town of Clinton, Connecticut (the "Town").
Issue:	\$26,000,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	February 10, 2015.
Principal Due:	At maturity – February 9, 2016.
Interest Due:	At maturity – February 9, 2016.
Purpose:	The Notes are being issued to finance the construction of a new high school authorized by a bond resolution approved at referendum.
Redemption:	The Notes are NOT subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town of Clinton, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Notes when due.
Credit Rating:	The Town has made an application for a rating on the Notes to Moody's Investors Service, Inc. ("Moody's"). Moody's currently rates the Town's outstanding Bonds "Aa2". (See "Ratings" herein).
Basis of Award:	Lowest Net Interest Cost ("NIC") as of the dated date.
Tax Exemption:	See "Tax Matters" herein.
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, notices of material events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix D to this Official Statement.
Bank Qualification:	The Notes shall NOT be designated by the Town as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Certifying Bank Registrar, Transfer and Paying Agent:	U.S. Bank, N.A., Hartford, Connecticut.
Legal Opinion:	Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry form will be made on or about February 10, 2015, against payment in Federal funds.
Issuer Official:	Questions concerning the Town and this Official Statement should be addressed to: William W. Fritz, Jr., First Selectman, 54 East Main Street, Clinton, Connecticut 06413; Telephone (860) 669-9333.

SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page, inside cover and appendices thereto, has been prepared by the Town of Clinton, Connecticut (the "Town") with assistance of its financial advisor in connection with the issuance and sale of \$5,000,000 General Obligation Bonds, Issue of 2015 (the "Bonds") and \$26,000,000 General Obligation Bond Anticipation Notes (the "Notes").

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and such proceedings.

The presentation of information 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. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Description of the Bonds

The Bonds will be dated the date of delivery and will mature in annual installments on February 1 in the years and in the principal amounts set forth on the inside cover of this Official Statement. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be payable August 1, 2015 and semiannually thereafter on February 1 and August 1 in each year until maturity. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the close of business on the fifteenth day of January and July in each year, or the preceding day if such fifteenth day is not a business day. A book-entry system will be employed evidencing ownership of the Bonds with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein.) The Registrar, Certifying, Transfer and Paying Agent for the Bonds will be U.S. Bank National Association, of Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Pullman & Comley LLC, of Bridgeport and Hartford, Connecticut. (See Appendix B - "Form of Legal Opinion of Bond Counsel" herein.) The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds. **The Bonds are subject to redemption prior to maturity.** (See "Optional Redemption" herein.)

Optional Redemption

The Bonds maturing on or before February 1, 2021 are not subject to redemption prior to maturity. The Bonds maturing on February 1, 2022 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after February 1, 2021, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus accrued interest to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
February 1, 2021 and thereafter	100%

Notice of Redemption

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 days prior to the date fixed for redemption to the registered owner of the Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if such 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 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 some multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such bond by \$5,000.

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

Description of the Notes

The Notes will be dated February 10, 2015 and principal and interest on the Notes are due at maturity on February 9, 2016. The Notes are not subject to redemption prior to maturity. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months at the rate or rates per annum specified by the successful bidder. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company, New York, New York, ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein). The Registrar, Certifying, Transfer and Paying Agent for the Bonds will be U.S. Bank National Association, of Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Pullman & Comley LLC, of Bridgeport and Hartford, Connecticut. (See Appendix B - "Form of Legal Opinion of Bond Counsel" herein.) The Notes shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended and described herein.

Authorization and Use of Proceeds of the Bonds and the Notes

Authorization. The Bonds and Notes are issued pursuant to the Connecticut General Statutes, as amended, the Charter of the Town of Clinton and resolutions recommended and adopted by the Board of Selectmen, the Board of Finance and approved at a town wide referendum.

Use of Proceeds. Proceeds of the Bonds and Notes will be used to finance the following capital project:

Projects	Original Amount Authorized	Prior Bonds Issued	Amount of Notes Outstanding	Additions (Reductions)	The Bonds (This Issue)	The Notes (This Issue)
New Morgan High School	\$ 64,750,000	\$ 5,000,000	\$ 17,000,000	\$ 14,000,000	\$ 5,000,000	\$ 26,000,000

Ratings

The Town has made application to Moody's Investors Services, Inc. ("Moody's") for a rating on the Bonds and Notes. The Town's underlying bond rating is currently "Aa2" by Moody's. Such rating reflects only the views of such rating agency and any explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Town's bonds and notes, including the Bonds and Notes.

Tax Matters

Opinion of Bond Counsel

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Bonds and Notes (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing the federal alternative minimum tax.

Bond Counsel's opinion with respect to the Bonds and Notes will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds and Notes in order that interest on the Bonds and Notes be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds and Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds and Notes, as the case may be, irrespective of the date on which such noncompliance occurs. In the Tax Compliance Agreement, which will be delivered concurrently with the issuance of the Bonds and Notes, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond or Note proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds and Notes is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds and Notes.

Original Issue Discount. The initial public offering price of the Bonds and Notes may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of the Bonds and Notes will constitute original issue discount. The offering price relating to the yield set forth on the cover page of this Official Statement for the Bonds and Notes is expected to be the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds and Notes are sold. Under existing law, original issue discount on the Bonds and Notes accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Bonds and Notes is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Bond or Note purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond or Note and will be added to the owner's basis. Original issue discount 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 such a Bond or Note. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bond or Note will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Bond or Note 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 Bonds and Notes at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners purchasing such Bonds and Notes after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Bonds and Notes.

Original Issue Premium. The initial public offering price of the Bonds and Notes may be more than their stated principal amount. An owner who purchases a Bond or Note at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond or Note for federal income tax purposes. Prospective purchasers of the Bonds and Notes should consult their tax advisors regarding the amortization of premium and the effect upon basis.

Other Federal Tax Matters. Prospective purchasers of the Bonds and Notes should be aware that ownership of the Bonds and Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds and Notes should consult their tax advisors regarding collateral federal income tax consequences.

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

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

Accrued original issue discount on a Bond or Note is also 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 for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds and Notes should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds and Notes.

Owners of the Bonds and Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and Notes and the disposition thereof.

Proposed Legislation and Other Matters. Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds and Notes under federal or state law or otherwise prevent beneficial owners of the Bonds and Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Bonds and Notes. Prospective purchasers of the Bonds and Notes should consult their own tax advisers regarding the foregoing matters.

General. The opinion of Bond Counsel is rendered as of its 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. Such opinions 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 discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds and Notes. Prospective owners of the Bonds and Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds and Notes.

Security and Remedies

The Bonds and the Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. Unless paid from other sources, the Bonds and the Notes are payable from ad valorem taxes which may be levied on all taxable property in the Town without limitation as to rate or amount, except as to certain classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. On the last completed Grand List of the Town there were no acres certified as forest land. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

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

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and the Notes, 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 the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction have the power in appropriate proceedings to order 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 tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies. Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would also be subject to the applicable provisions of federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. 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.

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

Qualification for Financial Institutions

The Bonds and the Notes shall NOT be designated as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds and the Notes.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds and Notes. The Bonds and Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each interest rate of the Bonds, in the aggregate principal amount of such interest rate, and will be deposited with DTC. One fully-registered Note certificate will be issued for each interest rate of the Notes, in the aggregate principal amount of such interest rate, 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, 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 registered 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 is rated AA+ by Standard & Poor's. 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 the Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds and Notes unless authorized by a Direct Participant in accordance with DTC's 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 the Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

Replacement Bonds and Notes

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

DTC Practices

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

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SECTION II - THE ISSUER

Description of the Town

The Town of Clinton was incorporated as Connecticut's 137th town in May, 1838. The Town is located seventeen miles east of New Haven, adjacent to Madison to the west, Westbrook to the east, Long Island Sound to the south and Killingworth to the north. The Town is located approximately 100 miles east of New York City, 40 miles south of Hartford, Connecticut and 120 miles southwest of Boston. The Town encompasses approximately 17.2 square miles within Middlesex County.

The Town is traversed by the Connecticut Turnpike (Interstate 95), the Boston Post Road (Route 1), and Routes 81 and 145. Metro-North/Shoreline East and Amtrak also provide rail service to New Haven, Boston or New York. In addition, Tweed New Haven Airport, located in New Haven, is a major commuter center with direct flights to Philadelphia and Chicago. The Town is served by the State of Connecticut Department of Transportation that operates buses on multiple routes that include New Haven, East Haven, Guilford, Madison and Old Saybrook.

Clinton is a balanced community of residential, waterfront and rural areas, retail and commercial development and major manufacturing plants. Tower Laboratories, Clinton Instrument Company and Clinton Nurseries are the major industries in Town. The Clinton Crossing Premium Factory Outlet Center which opened in 1996 employs approximately 1,000 part and full time employees in 65 stores.

The Clinton public school system provides a balanced curriculum for approximately 1,900 students. There are several vocational training facilities, colleges and universities, including Yale University, located in the New Haven region which offers a variety of educational programs available to the Town.

The Town's location on Long Island Sound provides residents with 1 public beach, 6 marinas that provide approximately two hundred moorings, seven hundred boat slips and 2 public launch ramps. The Town beach includes a pavilion and recreation facilities. In addition, the Town maintains a second smaller beach facility as well as docking for approximately 59 boats.

The Town has two major recreational complexes that provide athletic facilities including basketball, baseball and soccer fields, a football field, a finished running track, tennis courts, a skateboard park, as well as picnicking and playground facilities.

The majority of Town government offices are housed in historic Andrews Memorial Town Hall. Because of its character and magnificent setting overlooking Long Island Sound and located on Route 1, this building is utilized by theatrical, musical and cultural groups on an ongoing basis.

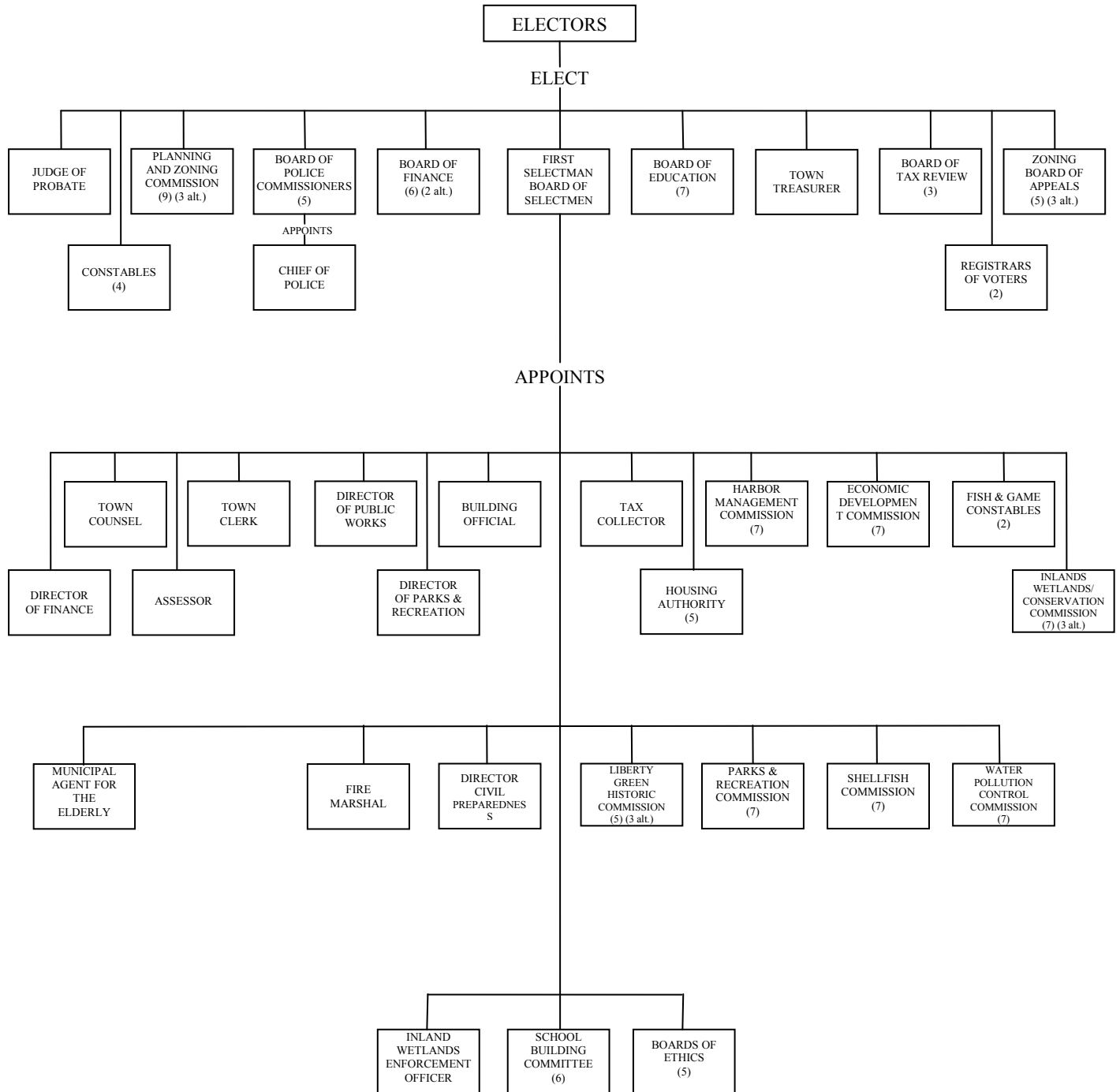
In addition to the above mentioned Town-owned facilities, Clinton is the home of the Clinton Country Club, a private 18 hole golf course.

Form of Government

The Town of Clinton is organized and has operated since 1839 under the Town Charter that utilizes the Board of Selectmen, Board of Finance, and Town Meeting form of government. The First Selectman is the elected full-time Chief Executive Officer of the Town who is responsible for supervising and coordinating all matters pertaining to the delivery of Town programs and services. The Town Meeting is the legislative body of the Town. The Board of Finance, consisting of six members, is made up of three persons of each political party elected for terms of four years. The five person Board of Selectmen are elected biennially for two year terms.

The voters of the Town at referendum must approve the annual budget, supplemental appropriations and bond authorizations exceeding certain amounts. Refunding bond authorizations are approved solely by the Board of Selectmen. (See "Legal Requirements for Approval of Borrowing" herein).

Organizational Chart



Municipal Officials

Name	Position	Term	Length of Service
William W. Fritz, Jr.	First Selectman	2 Years -- Elected	9.0 years
John A. Giannotti	Selectman	2 Years -- Elected	3.0 years
Lynn Pinder	Selectman	2 Years -- Elected	3.0 years
Raymond Rigat	Selectman	2 Years -- Elected	1.0 year
Carol D. Walter	Selectman	2 Years -- Elected	5.0 years
Todd Pozefsky	Treasurer	2 Years -- Elected	1.0 year
Janet Murphy	Director of Finance	Appointed - Indefinite	< 1.0 year
Sharon Uricchio	Town Clerk	Hired - Indefinite	< 1.0 year
Melanie Yanus	Tax Collector	Hired - Indefinite	17.0 years
Donna M. Sempey	Town Assessor	Appointed - Indefinite	5.0 years
Jack Cross	Superintendent of Schools	Appointed - Indefinite	6.0 years
Ona Nejd	Chairman - Board of Finance	6 Years -- Elected	< 1.0 year
John Bennet	Town Attorney	Appointed - Indefinite	19.0 years

Summary of Municipal Services

The Town of Clinton operates under a management structure consisting of the following divisions: Public Safety, Administration, Finance, Parks and Recreation, Public Works, Health and Well Being. All areas report to the First Selectman or Board of Selectmen.

Administration: This division consists of numerous departments; the First Selectman's Office, Town Clerk, Town Attorney, Registrar of Voters, Police Commission, Board of Education, Planning and Zoning as well as the Office of the Judge of Probate. The division provides administrative support services to the general public, the Board of Selectmen, Board of Finance and most departments.

Finance: This division consists of five areas; financial administration, accounting, purchasing, tax assessment and tax collection. The Finance division, under the direction of the Director of Finance, is responsible for overall supervision of the Town's financial management, including the Town pension fund and debt management program.

Health and Well Being: The Health and Well Being division provides health and environmental services as well as social services for Town residents and emergency financial support where needed. The public library functions as a multi-purpose informational and cultural center funded primarily by separate Town appropriations.

Public Works: The Department of Public Works (the "Department") is responsible for the design, developing, construction and maintenance of approximately 77 miles of roads along with 17.5 miles of sidewalks. The Department is also responsible for the exterior maintenance of all Town buildings including public schools as well as all parks, athletic complexes and passive recreational facilities. The Department provides construction services, project consulting to other Town agencies as well as construction management services for Town projects.

Transfer Facility – Land Fill operations: The Department operates the Town Transfer Facility and Land Fill operation with a strong emphasis on recycling and pollution avoidance. The Transfer Station and Land Fill operations are located on a ten acre site adjacent to the Department of Public Works at 117 Nod Road. This facility accepts garbage and accepts bulky waste items from Town residents. With the exception of green waste (brush, stumps other organic waste) all bulky waste is transported off site to licensed facilities. Green waste is handled within the facility by reduction, recycling or land filling. Leaves are composted and distributed at no cost to Town residents on a yearly basis. Construction materials soil, rocks, concrete and asphalt are recycled and used by the Town for construction projects.

Recycling Program: The Town encourages recycling and provides a single stream recycling program which allows residents to dispose of all recycled items in one location eliminating the need to separate items. All electronics, including all battery types and fluorescent bulbs are accepted at no charge along with a variety of other items with the emphasis on pollution prevention, reduction and conservation of resources. Recycled items are accepted at no charge by Connecticut Resource Recovery Authority or are picked up by an approved licensed recycling company.

Service Contract - Solid Waste Disposal: The Town has executed a Service Contract (the "Service Contract") with Connecticut Resources Recovery Authority (the "Authority") for disposal of solid waste through the Mid-Connecticut System (the "System"). The Service Contract became effective upon execution and will remain in effect for 15 years from signing or, June 30, 2027. An OPT out option is included in this agreement with penalties based on an agreed upon formula.

Each municipality signing a Service Contract, including the Town, has agreed to cause to be delivered to the System all of the solid waste under the legal control of the municipality. The Authority is required to accept and dispose of solid waste in accordance with the Service Contract and with acceptable business standards. Each municipality retains the responsibility for the collection, disposal and treatment of solid waste which does not meet the requirements of or which the Authority refuses or is unable to accept under the Service Contract.

All municipalities, including the Town, pledge their full faith and credit for the payments of all Service Payments and any delayed-payment charges and costs and expenses of the Authority and its representatives in collecting overdue Service Payments. Each municipality agrees that its obligation to make any such Service Payments and other such payments, in the amounts and at the time specified in the Service Contract, whether to the Authority or the trustee, shall be absolute and unconditional, shall not be subject to any setoff, counterclaim, recoupment, defense (other than payment itself) or other right which the municipality may have against the Authority, the trustee or any other person for any reason whatsoever, shall not be affected by any defect in title, compliance with the plans and specifications, condition, design, fitness for use of or damage to or loss or destruction of, the System or any part thereof and so long as the Authority shall accept solid waste delivered by the municipality pursuant to the Service Contract, shall not be affected by any interruption or cessation in the possession, uses or operation of the System or any part thereof by the Authority or the operator of the System or any reason whatever.

To the extent that a municipality does not make provisions or appropriations necessary to provide for and authorize the payment by such municipality to the Authority of the payments required to be made by it under the Service Contract, the remaining municipalities, including the Town, must levy and collect such general or special taxes or cost sharing or other assessments as may be necessary to make such payments in full when due thereunder.

In the event of any disputes as to any portion of any bill, the disputing municipality will nevertheless pay the full amount of the disputed charges when due and will within 30 days from the date of the disputed bill, give written notice of the dispute to the Authority. The dispute will then be resolved under the dispute resolution provisions of the Service Contract.

The Tier 1 Long-Term Service Contract estimated disposal fee for fiscal year 2014-2015 is \$59.50 per ton. The minimum tonnage requirement has been eliminated and there is no tonnage cap. The Town has the opportunity to opt out of the contract yearly if the price exceeds \$61.00 per ton without a penalty.

Public Safety: This division consists of four departments; Police, Fire and Emergency Medical Services and Animal Control. This division is responsible for the security and safety of the community. The police service has 25 members and operates a 24 hour public safety dispatch center which coordinates responses by all safety services. Besides vehicle patrol, the police have a twenty-five foot Almar boat that patrols the harbors and waterfront areas of Town. Numerous grants help fund community based police programs, particularly in the drug and substance abuse area. The Clinton Volunteer Fire Department maintains an aggressive fire and rescue delivery system and an extensive fire prevention program. The department has over one hundred thirty members broken down into two engine companies, a marine division and an ambulance division. The Emergency Medical Services Program has up to forty-five individuals to call upon with over forty trained as EMT's.

Parks and Recreation: The Town operates the Peters Recreational Complex consisting of fifty acres of active and passive recreation facilities that include five ball fields, one of which is lighted, one football/soccer field, a four hundred meter track, five lighted tennis courts, one wall-ball court, one lighted basketball court, a skateboard park, two horse-shoe pits, two picnic areas and a concession stand. The Indian River Recreation Park encompasses 47 acres that include athletic fields (two lighted), hiking trails, open space nature areas and a community building. In addition a new turf field was opened in the fall of 2011 and is used for soccer, lacrosse and field hockey. A beach area with a pavilion, play areas and concession stand utilizes the Town's shoreline location. Also, Hesel's Pond provides three acres of ice skating during the winter.

Harbor Management Commission: The Harbor Management Commission is responsible for the management and maintenance of Town water facilities. The Commission recommends rates for services to the Board of Selectmen, collects fees, and acts as the regulatory authority for waterfront activities. The Town Dock provides for 45 boat slips, a two-hundred foot tie-up for transient boats along with 21 moorings and stakes off the dock in Clinton Harbor. The Commission also manages and levies fees for the Grove Street dock, the Cedar Island dock and the Town boat launch. The Commission is also responsible for dredging the boat basin, the launch area and the approach to Cedar Island.

Waste Water Management: The Town was formerly in negotiations and discussions with the Towns of Westbrook and Old Saybrook to establish a tri-town agreement for a common sewer system. Because of the Connecticut Supreme Court decision to eliminate the previously projected tri-town agreement, the Town is presently re-evaluating its long range plan. The Town is currently under contract with Camp, Dresser & McKee to evaluate and propose a long term solution.

It is expected that the Town will finance \$23,000,000 for a waste water solution by participating in the State of Connecticut Clean Water Fund Program which provides financial assistance through a combination of grants and loans bearing an interest rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs. The remaining projects are expected to be funded by a combination of the following: the general fund, capital projects fund, grants and bonding.

Until a long term solution can be instituted the Town will continue to maintain its well organized and documented sewer avoidance program. The sewer avoidance program is an ordinance that requires property owners to pump out their septic systems at least once every five years, and the Town to maintain a database, to distribute reminders and to hire personnel to physically inspect for problem areas.

Clinton Housing Authority: The Clinton Housing Authority presently owns and operates 30 dwelling units located in its Glenhaven facility. The Authority is presently investigating the possibility of either expanding the existing facility or acquiring an additional location. The Housing Authority Commissioners are appointed by the Board of Selectmen to five year terms.

Water: Water is supplied to approximately 2,950 residential and business customers by the Connecticut Water Company, headquartered in Clinton. All other water users maintain their own wells.

Electricity: Electricity is furnished by the Connecticut Light and Power (CL&P), an investor owned public utility.

Telephone Service: Telephone service is furnished by Frontier.

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Educational System

The Town's elementary school system consists of one school for pupils in grades pre-K through 3; one school for grades 4-5, one school for grades 6-8 and one school for grades 9-12. The schools are governed by a seven-member Board of Education.

Educational Facilities

School	Grades	Occupied	Renovation	Enrollment 10/01/14	Capacity
Lewin G. Joel Elementary	Pre K-3	1963	1966,1971,1986,2000	556	860
Abraham Pieson Elementary	4 - 5	1932	1952,1957,2002	317	450
Jared Eliot Middle School	6 - 8	1960	1965,1971,1984	462	775
The Morgan High School	9 - 12	1950	1957,1964,1967	565	1,020
Total				<u>1,900</u>	<u>3,105</u>

Source: Superintendent of Schools.

Educational Enrollment History and Projections

Actual (1)					
School Year	Pre K - 3	4 - 5	6 - 8	9 - 12	Total
2004-05	686	300	512	638	2,136
2005-06	676	337	476	669	2,158
2006-07	664	338	455	665	2,122
2007-08	667	338	463	637	2,105
2008-09	689	313	492	581	2,075
2009-10	671	300	497	571	2,039
2010-11	683	304	492	557	2,036
2011-12	659	315	466	579	2,019
2012-13	645	312	446	591	1,994
2013-14	638	296	462	571	1,967
2014-15	556	317	462	565	1,900
Projected					
2015-16	524	316	454	559	1,853
2016-17	495	276	468	547	1,786
2017-18	467	270	461	542	1,740
2018-19	454	244	456	538	1,692
2019-20	467	216	414	563	1,660

(1) As of October 1.

Source: Superintendent of Schools.

Municipal Employment

The following table shows the Town of Clinton's employment for the current fiscal year and the prior nine years ending June 30.

<u>Fiscal Year</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government	80	77	75	74	75	81	83	83	82	82
Board of Education	344	348	336	340	330	325	325	325	323	321
Total	<u>424</u>	<u>425</u>	<u>411</u>	<u>414</u>	<u>405</u>	<u>406</u>	<u>408</u>	<u>408</u>	<u>405</u>	<u>403</u>

Source: Town Officials.

Municipal Employees by Category

The following is a breakdown by category of Town employees for fiscal year 2014-15:

<u>Department</u>	<u>Employees</u>
<u>General Government</u>	
General Administration	19
Public Safety	36
Public Works	14
Planning and Development	5
Parks and Recreation	2
Health and Well Being	4
Total General Government	<u>80</u>
<u>Board of Education</u>	
Certified Behavior Analyst	1
Computer Technicians	2
Administration and Principals	11
Teachers	195
Secretaries	23
Paraprofessionals	67
Custodial/Maintenance	24
Cafeteria Workers	17
Athletic Director	1
Food Services Director	1
Supervisor of Buildings and Grounds	1
Director of Information Technology	1
Total Board of Education	<u>344</u>
Grand Total	<u>424</u>

Source: Town Officials.

Municipal Employees Bargaining Organizations

The following table sets forth a breakdown of employee representation by collective bargaining agent and the dates of expiration of the various collective bargaining agreements:

Employees	Organization	Number of Employees	Current Contract Expiration Date
General Government			
Police	International Brotherhood of Police Officers, Local 360	25	6/30/16
Public Works	AFSCME - AFL-CIO, Local 1303-008	12	6/30/18
Clerical	AFSCME - AFL-CIO, Local 1303-199, Administrative, Technical and Clerical Employees	20	6/30/18
Supervisors	AFCME - AFL-CIO, Local 818, Supervisors	7	6/30/18
Dispatchers / Animal Control	CT Independent Labor Union, Local 59	7	6/30/18
	Non-Bargaining Employees	9	
Sub-total - General Government		80	
Board of Education			
Teachers	Clinton Education Association	195	6/30/17
Administrators	Clinton Administrators Association	9	6/30/15 (1)
Clinton Association and Administrative Education Secretaries	Municipal Employees' Union, Independent MEUI	15	6/30/16
Paraprofessionals	AFL-CIO, Local 506 Municipal Employees Union		
	Independent SEIU	67	6/30/15
	Non-Bargaining Employees	58	
Sub-total - Board of Education		344	
Total		424	

- (1) The new Clinton Administrator Association contract does have a tentative agreement, has been approved by the administrators and will be approved at the BOE meeting by the Board. The new expiration date would be June 30, 2018.

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a through 10-153n provide for 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. For binding arbitration of teachers' contracts, in assessing the financial capabilities of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for the payment of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Economic Development

The 1990's saw great success in drawing in the new retail mall. It has become the Town's number one tax payer and employer. However, the new realities of the failing economy have Clinton redirecting its economic development strategy. With the completion of the Clinton Crossing retail mall, by the main Interstate 95 exit, the community has turned its attention back to its traditional commercial center. The Clinton Downtown Revitalization Committee was formed to develop plans for infrastructure improvements in the downtown area that will enhance its ability to draw more patrons and commercial enterprises. The first phase of this project was completed in summer of 2013 with the help of a \$400,000 STEAP grant. A \$500,000 STEAP grant was approved for phase II which was completed in the spring of 2014. In addition through local funding and State grants, the old police station adjacent to Town Hall, which has been vacant since 2004, was renovated into a community center as well as home for our Human Services Department. The downtown is situated along the U.S. Route 1. To further enhance its potential viability, the Planning and Zoning Commission is in the midst of revising the Plan of Conservation and Development for the west end of Route 1 up to where it meets the project area for the downtown revitalization. It is the desire to adjust the existing zoning to facilitate the development of more commercial and office uses. The reality is that a key element in drawing new economic activity is to draw residents, not only those who have the means to be patrons, but those who will make up the workforce. With the construction of a new high school on a new site, which is expected to open in September of 2016 a great opportunity for development will present itself at the site of the existing school. This 28 acre property at the I-95 exit 63 interchange across the Clinton Crossing has been appraised at \$5 million. Currently the Interchange development committee has selected a developer for this site, a contract of purchase and sale is nearing approval and regulations which will allow for this site to be developed are in the final stages of the approval process. The development of this site is expected to bring in nearly \$500,000 in additional tax revenue to the Town.

The economic base of the Town is presently diverse. In the current tax period, retail is in the lead with the Clinton Crossing Outlets bringing an estimated \$966,000 in revenues. Connecticut Water Company utility brings in \$413,000. These top tax payers are examples of the mix of economic enterprises in Town. Also within the top ten is Cedar Island Marina, which pays an estimated \$123,000 in property taxes. Among the top taxpayers is also agriculture with the Clinton Nurseries which is part of the Richards Farms Company. The estimated \$63,000 Clinton Nurseries provides is greater than most Connecticut towns receive from any one tax payer in that sector.

The Economic Development Commission has taken a greater interest in reviewing recent development applications for retail sites on the other side of the downtown on Route 1. They have provided support and suggestions for these projects. Commission members have indicated an interest in preparing a new economic development plan for the Town. The Town is emphasizing the coordinated efforts of the various boards and commissions in concert with the local Chamber of Commerce to address the economic development for the future.

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SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

<u>Year</u>	<u>Town of Clinton</u>	<u>Middlesex County</u>	<u>State of Connecticut</u>
1960	4,166	88,865	2,535,234
1970	10,267	114,816	3,032,217
1980	11,195	129,017	3,107,576
1990	12,767	143,196	3,287,116
2000	13,094	155,071	3,405,565
2010	13,260	165,676	3,574,097

Source: U.S. Census Bureau.

Age Characteristics of Population

<u>Age</u>	<u>Town of Clinton</u>		<u>Middlesex County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	693	5.2	8,208	5.0	202,106	5.7
5 - 19	2,455	18.5	30,871	18.6	713,670	20.0
20 - 24	587	4.4	8,845	5.3	227,898	6.4
25 - 44	3,122	23.5	40,082	24.2	904,815	25.3
45 - 64	4,390	33.1	52,049	31.4	1,019,049	28.5
65 and over	2,013	15.2	25,621	15.5	506,559	14.2
Total	13,260	100.0	165,676	100.0	3,574,097	100.0

Source: U.S. Census Bureau, Census 2010.

Selected Wealth and Income Indicators

	<u>Median Family Income (2000)</u>	<u>Median Family Income (2013)</u>	<u>Per Capita Income (2000)</u>	<u>Per Capita Income (2013)</u>
Town of Clinton	\$ 71,403	\$ 84,914	\$ 26,080	\$ 37,847
Middlesex County	71,319	98,501	28,251	39,992
Connecticut	65,521	87,245	28,766	37,892
United States	49,600	64,719	21,690	28,155

Source: U.S. Census Bureau, Census 2000 and 2009-2013 American Community Survey.

Income Distribution

	<u>Town of Clinton</u>		<u>Middlesex County</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ -0- to 9,999	95	2.6	720	1.6	29,895	3.3
10,000 to 14,999	32	0.9	488	1.1	19,176	2.1
15,000 to 24,999	204	5.5	1,655	3.8	47,319	5.2
25,000 to 34,999	181	4.9	2,201	5.0	56,997	6.3
35,000 to 49,999	262	7.1	3,494	8.0	86,025	9.5
50,000 to 74,999	706	19.1	7,041	16.1	143,989	15.9
75,000 to 99,999	651	17.6	6,771	15.4	131,874	14.6
100,000 to 149,999	931	25.2	11,226	25.6	187,718	20.8
150,000 to 199,999	339	9.2	5,367	12.2	90,602	10.0
200,000 or more	289	7.8	4,887	11.1	109,982	12.2
	3,690	100.0	43,850	100.0	903,577	100.0

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

Educational Attainment
Years of School Completed, Age 25 & Older

Educational Attainment Group	Town of Clinton		Middlesex County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	139	1.5	2,419	2.0	109,133	4.5
9th to 12th grade	477	5.0	4,913	4.2	155,272	6.4
High School graduate	3,008	31.5	33,573	28.4	678,370	27.8
Some college - no degree	2,025	21.2	21,248	18.0	431,469	17.7
Associates degree	595	6.2	9,792	8.3	178,597	7.3
Bachelor's degree	1,911	20.0	25,947	22.0	498,124	20.4
Graduate or professional degree	1,391	14.6	20,230	17.1	392,796	16.1
Totals	9,546	100.0	118,122	100.0	2,443,761	100.0
Percentage of High School Graduates		93.5%		93.8%		89.2%
Percentage of College Graduates or Higher		34.6%		39.1%		36.5%

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

Employment by Industry

	Town of Clinton		Middlesex County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries	80	1.2	302	0.4	6,945	0.4
Construction	420	6.2	5,148	6.0	99,444	5.7
Manufacturing	737	10.9	10,557	12.2	193,945	11.0
Wholesale trade	244	3.6	2,228	2.6	43,550	2.5
Retail trade	980	14.4	9,050	10.5	191,841	10.9
Transportation & warehousing, and utilities	398	5.9	2,918	3.4	65,630	3.7
Information	170	2.5	2,091	2.4	41,588	2.4
Finance, insurance, real estate	435	6.4	8,229	9.5	160,976	9.1
Professional, scientific, management, administrative, and waste management services	567	8.4	9,100	10.6	194,959	11.1
Educational, health & social services	1,706	25.1	23,095	26.8	464,177	26.4
Arts, entertainment, recreation, accommodation and food services	560	8.2	6,127	7.1	148,097	8.4
Other professional services	296	4.4	3,608	4.2	81,443	4.6
Public Administration	197	2.9	3,761	4.4	66,817	3.8
TOTAL	6,790	100.0	86,214	100.0	1,759,412	100.0

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

Major Employers

Name of Employer	Nature of Entity	Estimated Number of Employees
Clinton Crossing	Discount Shopping Mall	1,000
Town of Clinton	Local Government and Board of Education	424
Stop & Shop	Supermarket	130
Connecticut Water Company	Water Utility	118
Shop Rite	Supermarket	110
Clinton Nursery (1)	Nursery Supplier	90
Cedar Island (1)	Marina	35
T. J. Maxx	Clothing	34

(1) Includes seasonal employees.

Source: Town of Clinton

Unemployment Rate Statistics

Yearly Average	Town of Clinton %	New Haven Labor Market %	State of Connecticut %	United States %
2004	3.8	4.8	4.9	5.5
2005	4.1	5.0	4.9	5.1
2006	3.5	4.5	4.3	4.6
2007	3.8	4.8	4.6	4.6
2008	4.8	6.0	5.8	5.8
2009	6.7	7.9	8.0	9.3
2010	7.5	9.2	9.0	9.6
2011	6.5	9.3	8.8	9.0
2012	7.0	8.7	8.3	8.1
2013	6.6	8.2	7.9	7.4
<u>2014 Monthly</u>				
January	6.8	7.7	7.5	7.0
February	6.9	7.6	7.4	7.0
March	6.8	7.6	7.4	6.8
April	5.3	6.8	6.6	5.9
May	5.4	7.2	6.9	6.1
June	5.0	6.7	6.5	6.3
July	5.5	7.1	6.8	6.5
August	5.8	7.2	6.9	6.3
September	4.7	6.1	5.9	5.7
October	5.1	6.5	6.3	5.5

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.

Number and Value of Building Permits

Fiscal Year Ending 6/30	Number	Value
2014	1,034	\$ 13,005,210
2013	1,037	18,261,061
2012	958	12,836,719
2011	736	10,429,311
2010	643	9,224,854
2009	606	11,022,346
2008	884	13,832,208
2007	645	11,235,904
2006	706	18,720,278
2005	987	18,641,427

Source: Town of Clinton, Office of Building Inspections.

Number of Dwelling Units

2010	2000	1990	1980	% Increase 1980-2010	% Increase 1990-2010	% Increase 2000-2010
6,065	5,757	5,361	4,671	29.8%	13.1%	5.4%

Source: U.S. Census Bureau.

Characteristics of Housing Units

Sales Price Category	Town of Clinton		Middlesex County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000	158	3.6	1,185	2.4	20,800	2.3
50,000 to 99,999	72	1.7	984	2.0	24,638	2.7
100,000 to 149,999	168	3.9	2,429	4.8	66,934	7.3
150,000 to 199,999	362	8.4	5,759	11.4	135,714	14.8
200,000 to 299,999	1,768	40.8	16,093	31.9	264,832	28.8
300,000 to 499,999	1,276	29.5	17,660	35.0	250,076	27.2
500,000 to 999,999	408	9.4	5,083	10.1	114,622	12.5
1,000,000 and over	117	2.7	1,203	2.4	41,872	4.6
Total	4,329	100.0	50,396	100.0	919,488	100.0
Median Value	\$283,200		\$292,000		\$278,900	

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

Age Distribution of Housing

Year Built	Town of Clinton		Middlesex County		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier	827	13.7	14,769	19.7	336,587	22.6
1940 - 1949	415	6.9	4,066	5.4	105,742	7.1
1950 - 1959	710	11.7	8,780	11.7	232,555	15.6
1960 - 1969	1,526	25.2	9,108	12.2	200,430	13.5
1970 - 1979	740	12.2	11,340	15.2	200,576	13.5
1980 - 1989	967	16.0	11,710	15.6	192,185	12.9
1990 - 1999	529	8.7	8,098	10.8	111,295	7.5
2000 - 2005	314	5.2	6,778	9.1	102,666	6.9
2010 or later	21	0.3	183	0.2	4,959	0.3
Total Housing	6,049	100.0	74,832	100.0	1,486,995	100.0

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit ⁽¹⁾

As of February 10, 2015 (Pro Forma)

Total Fiscal Year 2014 tax collections (including interest and lien fees)	\$ 38,133,190
State Reimbursement for Revenue Loss on:	
Local Property tax relief for elderly	<u>2,000</u>
Base for Establishing Debt Limit	<u><u>\$ 38,135,190</u></u>

Debt Limit ⁽¹⁾

	General Purpose	School	Sewer	Urban Renewal	Unfunded Pension Obligation	Total Debt
(2.25 times base)	\$ 85,804,178					
(4.50 times base)		\$ 171,608,355				
(3.75 times base)			\$ 143,006,963			
(3.25 times base)				\$ 123,939,368		
(3.00 times base)					\$ 114,405,570	
(7.00 times base)						\$ 266,946,330

Indebtedness (Including the Bonds and Notes)

Bonds Payable	\$ 16,917,000	\$ 9,278,000	\$ -	\$ -	\$ -	\$ 26,195,000
The Bonds (<i>This Issue</i>)	-	5,000,000	-	-	-	5,000,000
The Notes (<i>This Issue</i>)	-	26,000,000	-	-	-	26,000,000
Authorized but Unissued Debt	<u>1,224,000</u>	<u>28,606,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,830,321</u>
Total Indebtedness	18,141,000	68,884,321	-	-	-	87,025,321
Grants Receivable ⁽²⁾	<u>-</u>	<u>(25,842,271)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,842,271)</u>
Total Net Indebtedness	<u>18,141,000</u>	<u>43,042,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,183,050</u>
Excess of Limit Over Outstanding and Authorized Debt	<u><u>\$ 67,663,178</u></u>	<u><u>\$ 128,566,305</u></u>	<u><u>\$ 143,006,963</u></u>	<u><u>\$ 123,939,368</u></u>	<u><u>\$ 114,405,570</u></u>	<u><u>\$ 205,763,280</u></u>

(1) Under Connecticut General Statutes, total indebtedness for all classes cannot exceed seven times the base, or \$266,946,330.

(2) It is estimated that the Town will receive State of Connecticut School Construction grant progress payments in the amount of \$26,761,950 during the construction of the project. As of February 10, 2015, the Town has received progress payments in the amount of \$919,679. (See "School Projects" and "Authorized but Unissued Debt" herein).

Source: Town Officials.

Calculation of Net Direct Indebtedness

As of February 10, 2015 (Pro Forma)

Long-Term Indebtedness (1)	
The Bonds (<i>This Issue</i>)	\$ 5,000,000
General Purpose	16,917,000
Schools	9,278,000
Total Long-Term Indebtedness	<u>31,195,000</u>
Short-Term Indebtedness	
The Notes (<i>This Issue</i>)	<u>26,000,000</u>
Total Direct Indebtedness	57,195,000
Exclusions:	
(State School Building Grants Receivable)	<u>-</u>
Total Net Direct Indebtedness	<u><u>\$ 57,195,000</u></u>

(1) Does not include authorized but unissued debt of \$29,830,321,000. (See "Authorized but Unissued Debt" herein.)

Current Debt Ratios

As of February 10, 2015 (Pro Forma)

Total Direct Indebtedness	\$ 57,195,000
Total Net Direct Indebtedness	\$ 57,195,000
Population (1)	13,260
Net Taxable Grand List (10/1/13)	\$ 1,505,482,578
Estimated Full Value	\$ 2,150,689,397
Equalized Net Taxable Grand List (2012) (2)	\$ 2,143,157,440
Per Capita Income (2013) (3)	\$37,847
Total Direct Indebtedness:	
Per Capita	\$4,313.35
To Net Taxable Grand List	3.80%
To Estimated Full Value	2.66%
To Equalized Net Taxable Grand List	2.67%
Per Capita to Per Capita Income	11.40%
Total Net Direct Indebtedness:	
Per Capita	\$4,313.35
To Net Taxable Grand List	3.80%
To Estimated Full Value	2.66%
To Equalized Net Taxable Grand List	2.67%
Per Capita to Per Capita Income	11.40%

(1) U.S. Census Bureau, 2010.

(2) Office of Policy and Management, State of Connecticut

(3) U.S. Census Bureau, 2009-2013 American Community Survey.

Historical Debt Statement

	2013-14	2012-13	2011-12	2010-11	2009-10
Population (1)	13,260	13,260	13,260	13,260	13,260
Net taxable grand list	\$ 1,499,396,462	\$ 1,496,831,086	\$ 1,490,408,085	\$ 1,657,196,850	\$ 1,653,321,289
Estimated full value	\$ 2,141,994,946	\$ 2,138,330,123	\$ 2,129,154,407	\$ 2,367,424,071	\$ 2,361,887,556
Equalized net taxable grand list (2)	\$ 2,143,157,440	\$ 2,096,939,873	\$ 2,130,140,264	\$ 2,222,717,758	\$ 2,295,657,544
Per capita income (2013) (3)	\$ 37,847	\$ 37,847	\$ 37,847	\$ 37,847	\$ 37,847
Short-term debt	\$ 17,000,000	\$ 5,000,000	\$ 3,700,000	\$ -	\$ -
Long-term debt	27,510,000	21,800,000	17,115,000	18,465,000	14,865,000
Total Direct Indebtedness	\$ 44,510,000	\$ 26,800,000	\$ 20,815,000	\$ 18,465,000	\$ 14,865,000
Net Direct Indebtedness	\$ 44,510,000	\$ 26,800,000	\$ 20,815,000	\$ 18,418,490	\$ 14,795,234

(1) U.S. Census Bureau.

(2) Office of Policy and Management, State of Connecticut

(3) U.S. Census Bureau, 2009-2013 American Community Survey.

Historical Debt Ratios

	2013-14	2012-13	2011-12	2010-11	2009-10
Total Direct Indebtedness:					
Per capita	\$3,356.71	\$2,021.12	\$1,569.76	\$1,392.53	\$1,121.04
To net taxable grand list	2.97%	1.79%	1.40%	1.11%	0.90%
To estimated full value	2.08%	1.25%	0.98%	0.78%	0.63%
To equalized net taxable grand list	2.08%	1.28%	0.98%	0.83%	0.65%
Debt per capita to per capita income	8.85%	5.33%	4.14%	3.67%	2.95%
Net Direct Indebtedness:					
Per capita	\$3,356.71	\$2,021.12	\$1,569.76	\$1,389.03	\$1,115.78
To net taxable grand list	2.97%	1.79%	1.40%	1.11%	0.89%
To estimated full value	2.08%	1.25%	0.98%	0.78%	0.63%
To equalized net taxable grand list	2.08%	1.28%	0.98%	0.83%	0.64%
Debt per capita to per capita income	8.85%	5.33%	4.14%	3.66%	2.94%

Outstanding Short-Term Indebtedness

The Town will have \$26,000,000 outstanding in short-term bond anticipation notes with this issue.

Overlapping and Underlying Indebtedness

Within the Town are numerous improvement districts and beach associations that have authority to issue tax-exempt debt which constitutes underlying debt of the Town. Currently such jurisdictions report no underlying debt.

Capital Leases

As of June 30, 2014, the Town had no outstanding lease obligations.

Legal Requirements for Approval of Borrowing

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes, as amended, subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Upon vote of the Board of Selectmen after recommendation by the Board of Finance, and after approval by voters at a Town Meeting, the Town may issue bonds pursuant to the General Statutes for the purposes and amounts authorized by the Town but to the limit allowed by the General Statutes. A referendum is required if such bond resolutions equal five percent or more of the current tax levy. In accordance with Section 7-370c of the Connecticut General Statutes, the issuance of refunding bonds may be authorized by resolution of the Board of Selectmen.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued. Bond anticipation notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or such notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The maximum term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

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

Temporary notes issued to finance the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a) may be issued for up to 15 years. 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, such notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. State grants will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for the net share of project costs. Under the current program, the State of Connecticut will make proportional progress payments for eligible construction costs during certain phases of construction.

The following project is being reimbursed at the estimated reimbursement rate shown below:

Project	Amount of Total Authorization	Estimated Non-reimbursable Costs	Estimated Eligible Cost For Reimbursement	Reimbursement Rate % (1)	Estimated Grants (1)
New Morgan High School	\$ 64,750,000	\$ 3,788,838	\$ 60,961,162	43.90	\$ 26,761,950

(1) Estimated grants for total project. Eligible costs to be determined upon completion of the project audit, and are likely to change.

Authorized but Unissued Debt

Projects	Original Amount Authorized	Revised Amount Authorized	Prior Bonds Issued	Paydowns/ Grants	The Bonds (This Issue)	The Notes (This Issue)	Authorized But Unissued
2011 Various Infrastructure Improvement							
Roads, Sidewalks & Drainage	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -
WSAM Restoration	2,000,000	2,000,000	2,000,000	-	-	-	-
IRRC Artificial Turf	985,000	1,001,000	1,000,000	-	-	-	1,000 (1)
Beach Building	120,000	109,000	-	-	-	-	109,000 (1)
Bulkheads and Uplands	900,000	900,000	900,000	-	-	-	-
Various School Projects	775,000	775,000	-	-	-	-	775,000 (1)
Fiber Optics	500,000	500,000	-	-	-	-	500,000 (1)
Salt Shed	600,000	600,000	600,000	-	-	-	-
Old Police Department	1,500,000	1,495,000	1,495,000	-	-	-	-
New Morgan High School	64,750,000	64,750,000	5,000,000	(919,679)	5,000,000	26,000,000	27,830,321 (2)
Fire Department Breathing Apparatus	615,000	615,000	-	-	-	-	615,000
Total	<u>\$ 74,745,000</u>	<u>\$ 74,745,000</u>	<u>\$ 12,995,000</u>	<u>\$ (919,679)</u>	<u>\$ 5,000,000</u>	<u>\$ 26,000,000</u>	<u>\$ 29,830,321</u>

(1) It is expected that the Town will cash fund these balances with previously unexpended bond proceeds.

(2) It is estimated that the Town will receive State of Connecticut School Construction grant progress payments in the amount of \$26,751,950 during the construction of the project. The grants received will reduce the authorized but unissued debt by a similar amount. (See "School Projects" herein).

Capital Improvement Program

The Board of Selectmen annually submits an updated five-year capital improvement program (the "Plan") to the Board of Finance. The Plan is a systematic program to add or replace capital items for each department within the General Government and Board of Education. The 2010-2015 Plan projects a total of \$24,282,006 in projects. A copy of the most recent Plan is available from the office of the Director of Finance.

It is expected that the Town will finance \$23,000,000 for a waste water solution by participating in the State of Connecticut Clean Water Fund Program which provides financial assistance through a combination of grants and loans bearing an interest rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs. The remaining projects are expected to be funded by a combination of the following: the general fund, capital projects fund, grants and bonding.

Combined Schedule of Long Term Debt through Maturity – General Fund

As of February 10, 2015 (Pro Forma)

Fiscal Year	Principal Payments (1)	Interest Payments	Total Debt Service (1)	The Bonds (This Issue)	Principal All Issues (1)
2014-15	\$ 1,315,000	\$ 881,216	\$ 2,196,216	\$ -	\$ 1,315,000
2015-16	1,480,000	843,250	2,323,250	-	1,480,000
2016-17	1,780,000	792,500	2,572,500	-	1,780,000
2017-18	1,875,000	728,575	2,603,575	275,000	2,150,000
2018-19	1,895,000	666,225	2,561,225	275,000	2,170,000
2019-20	1,850,000	588,488	2,438,488	275,000	2,125,000
2020-21	1,835,000	535,713	2,370,713	275,000	2,110,000
2021-22	1,825,000	483,063	2,308,063	275,000	2,100,000
2022-23	1,840,000	429,163	2,269,163	275,000	2,115,000
2023-24	1,875,000	372,769	2,247,769	275,000	2,150,000
2024-25	1,100,000	329,806	1,429,806	275,000	1,375,000
2025-26	1,100,000	297,556	1,397,556	275,000	1,375,000
2026-27	1,100,000	264,150	1,364,150	275,000	1,375,000
2027-28	1,125,000	229,713	1,354,713	275,000	1,400,000
2028-29	1,125,000	192,744	1,317,744	275,000	1,400,000
2029-30	1,125,000	154,213	1,279,213	275,000	1,400,000
2030-31	1,120,000	114,775	1,234,775	275,000	1,395,000
2031-32	850,000	75,550	925,550	275,000	1,125,000
2032-33	850,000	46,675	896,675	275,000	1,125,000
2033-34	445,000	17,800	462,800	300,000	745,000
2034-35	-	-	-	300,000	300,000
	<u>\$ 27,510,000</u>	<u>\$ 8,043,944</u>	<u>\$ 35,553,944</u>	<u>\$ 5,000,000</u>	<u>\$ 32,510,000</u>

(1) Does not reflect principal payments of \$1,315,000 made by the Town as of February 10, 2015.

Source: Town Officials.

SECTION V - FINANCIAL DATA

Accounting Policies

The Town's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements.

Basis of Accounting

See Note 1 "Measurement Focus, Basis of Accounting and Financial Statement Presentation" in the Notes to Financial Statements ("Appendix A").

Audit

Pursuant to the provisions as delineated in the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The firm of Blum, Shapiro & Company, P.C. ("Blum"), of West Hartford, Connecticut, is the auditor, and is required to conduct an examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, which receives a copy of said audit report when completed.

The most recent audited report covers the fiscal year ended June 30, 2014. Included in this Official Statement and made a part hereof as "Appendix A" are the Independent Auditor's Report, Management's Discussion and Analysis, the Town's Basic Financial Statements and Notes to the Financial Statements, together with the report of the independent auditor as prepared by Blum. The information contained in "Appendix A" is not the entire audit report. A copy of the complete report is available upon request to the Director of Finance, Town of Clinton.

Budgetary Procedures

The Town follows the following procedure in establishing the budgetary data included in the General Fund and certain Special Revenue Funds financial statements. Financial controls are provided under a six member Board of Finance responsible for approving annual budgets, all other Town appropriations, and determining of the tax rate. The annual budget making process for the Town is outlined in the Town Charter. The timetable is established annually but all actions must be completed at least 30 days prior to the beginning of each fiscal year based upon a budget submitted by the Board of Selectmen. The budget making process is detailed below:

<u>On or About</u>	<u>Action</u>
The first week in December	Departments, offices, boards, commissions submit estimates of receipts and expenditures to the Board of Selectmen.
January	The Board of Selectmen makes changes and recommendations to the Board of Finance.
February	The Board of Finance reviews and adjusts budget requests.
Not less than fourteen days prior to the Annual Budget Meeting	The Board of Finance holds a public hearing on the proposed budget.
The first Wednesday in May	Town Meeting (Annual Budget Meeting) acts on proposed budget.

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

Employee Pension Systems

The Town of Clinton Police Pension Plan, a single-employer PERS was established and is administered by the Town to provide pension benefits to its police employees. As of the latest actuary report dated July 1, 2013, the Plan had 41 participants. For further details of the Plan and its funding status as of July 1, 2013, see Appendix A, page A-34.

The Town of Clinton Board of Education is the administrator of a single-employer PERS established and administered by the Board of Education to provide pension benefits to the noncertified employees of the Board of Education. As of the latest actuary report dated July 1, 2012, the Plan had 107 participants. For further details of the Plan and its funding status as of July 1, 2012, see Appendix A, page A-38.

Schedule of Funding Progress (Town - Police Plan)

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a) - (b)	% Funded Ratio (a) / (b)
2005	\$ 6,061,546	\$ 9,513,430	\$ (3,451,884)	63.7
2006	6,837,161	10,178,352	(3,341,191)	67.2
2007	7,529,353	11,089,686	(3,560,333)	67.9
2008	8,216,786	11,971,020	(3,754,234)	68.6
2009	8,255,570	12,801,996	(4,546,426)	64.5
2010	8,581,794	13,965,158	(5,383,364)	61.5
2011	8,874,787	15,030,673	(6,155,886)	59.0
2012	8,658,132	15,950,658	(7,292,526)	54.3
2013	9,139,686	17,224,240	(8,084,554)	53.1

(Board of Education - Noncertified Employees Plan)

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a) - (b)	% Funded Ratio (a) / (b)
2005	\$ 2,072,578	\$ 3,307,298	\$ (1,234,720)	62.7
2006	2,337,627	3,655,049	(1,317,422)	64.0
2007	2,615,341	3,991,909	(1,376,568)	65.5
2008	2,982,734	4,377,785	(1,395,051)	68.1
2009	3,140,941	4,795,521	(1,654,580)	65.5
2010	3,417,014	5,023,710	(1,606,696)	68.0
2011	3,683,914	5,312,837	(1,628,923)	69.3
2012	3,828,021	5,540,420	(1,712,399)	69.1
2013	4,175,242	5,855,673	(1,680,431)	71.3

**Schedule of Employer Contributions
(Town - Police Plan)**

<u>Fiscal Year</u>	<u>Actuarial Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2006	\$ 439,851	\$ 571,806	130.0
2007	464,467	441,244	95.0
2008	459,017	459,017	100.0
2009	516,402	459,598	89.0
2010	561,524	561,524	100.0
2011	681,644	681,644	100.0
2012	700,749	700,749	100.0
2013	836,845	836,845	100.0
2014	969,323	969,323	100.0
2015 (1)	975,000	975,000	100.0

(Board of Education - Noncertified Employees Plan)

<u>Fiscal Year</u>	<u>Actuarial Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2006	\$ 289,657	\$ 299,998	103.6
2007	289,551	299,975	103.6
2008	277,579	299,980	108.1
2009	260,878	300,010	115.0
2010	272,725	300,000	110.0
2011	299,083	300,000	100.3
2012	295,245	300,234	101.7
2013	305,861	305,861	100.0
2014	320,033	320,033	100.0
2015 (1)	330,777	330,777	100.0

(1) As budgeted for fiscal year 2014-15.

All full-time employees of the Town of Clinton, except the Board of Education and police department personnel, participate in the Municipal Employees' Retirement Fund ("MERF"), a cost-sharing multiple-employer public employee retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to employees and beneficiaries of participating municipalities. See Appendix A, page A-44 for further details of the plan.

All Town certified teachers participate in the State of Connecticut Teachers Retirement System ("CTRS"). The Town does not contribute to CTRS, which is State administered as required by State statutes. See Appendix A, page A-44 for further details on the Plan and its funding status.

Other Post Employment Benefits

The Town, in accordance with various collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees and their spouses. The Post-Retirement Medical Program ("RMP") covers Town and Board of Education employees. Eligible retirees and their spouses can receive medical and life insurance in accordance with the plan documents. The percentage contribution and eligibility of the employees and retirees for these benefits vary and are detailed within the Town's various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

The Town's funding and payment of postemployment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers. The Town's funding strategy for postemployment obligations are based upon characteristics of benefits on two distinct groups of employees established within their respective collective bargaining units and/or contracts and include the following:

- Clinton Board of Education Retirees are required to pay 100% of the health premium for self and spouse, less the \$1,320 annual CT Teachers Retirement Board subsidy, who retire from the school system meeting the following criteria by bargaining group:
 - o Teachers and Administrators are eligible at the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age for normal retirement and earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service under early retirement.
 - o BOE Non-Certified employees are eligible for retirement at age 65 with 10 years of service. Early retirement is age 55 with 10 years of service.
- The Town of Clinton funds 100% of the cost of life insurance and medical insurance for Town Employees who retire meeting the following criteria by bargaining group:
 - o Administrative employees at the Town are eligible to receive life insurance at age 55 with 10 years of service and medical insurance only if they retire after age 65 with 10 years of service. Administrators' life insurance is \$10,000.
 - o Police employees age 55 with 10 years of continuous service or age 55 and 15 years of noncontinuous service or 25 years of service have access to a Major Medical plan until age 63 at no cost to the retiree.
 - o All other Town employees are eligible to receive life insurance at age 55 and 10 years of service and medical insurance only if they retire after age 65 with 10 years of service. Eligible life insurance for these individuals is \$5,000.
 - o Only two existing retirees have spouse coverage, and no future retirees are eligible for spouse coverage.

The Town of Clinton's annual other postemployment benefit ("OPEB") cost is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

As of July 1, 2013, the most recent actuarial valuation date, the plan for Board of Education employees was 0% funded. The actuarial accrued liability for benefits was \$8,150,872, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability ("UAAL") of approximately \$8,150,872. The covered payroll (annual payroll of active employees covered by the plan) was not available. For further details of the Plan and its funding status as of July 1, 2012, see Appendix A, page A-45.

As of July 1, 2012, the most recent actuarial valuation date, the plan for Town employees was 0% funded. The actuarial accrued liability for benefits was approximately \$2,267,000 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability ("UAAL") of approximately \$2,267,000. The covered payroll (annual payroll of active employees covered by the plan) was \$5,138,900. For further details of the Plan and its funding status as of July 1, 2012, see Appendix A, page A-47.

**Schedule of Funding Progress
(Town Plan)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a) - (b)	% Funded Ratio (a) / (b)
7/1/2008	\$ -	\$ 1,880,100	\$ (1,880,100)	0.0
7/1/2010	-	2,249,400	(2,249,400)	0.0
7/1/2012	-	2,267,000	(2,267,000)	0.0

(Board of Education Plan)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a) - (b)	% Funded Ratio (a) / (b)
6/30/2009	\$ -	\$ 9,535,000	\$ (9,535,000)	0.0
7/1/2011	-	8,125,000	(8,125,000)	0.0
7/1/2013	-	8,150,872	(8,150,872)	0.0

**Schedule of Employer Contributions
(Town Plan)**

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Contributed
2009	\$ 143,600	\$ 94,000	65.5
2010	145,100	118,300	81.5
2011	146,600	107,500	73.3
2012	171,700	98,500	57.4
2013	173,400	98,700	56.9
2014	177,600	70,200	39.5

(Board of Education Plan)

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Contributed
2009	\$ 553,000	\$ 245,000	44.3
2010	553,000	278,000	50.3
2011	586,000	320,000	54.6
2012	621,000	323,000	52.0
2013	542,000	220,000	40.6
2014	577,000	235,000	40.7

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation for the Board of Education, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized on a level percent basis with a remaining amortization period at June 30, 2014 of 26 years.

In the July 1, 2012 actuarial valuation for the Town employees, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The actuarial value of assets was determined using the open group method. The UAAL is being amortized each year over a constant 30-year period, as a level dollar amount.

Investment Policies and Procedures

The Town Charter and Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments that the Town is permitted to acquire. Generally, the Town may invest in certificates of deposit, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, and certain mutual funds and money market mutual funds.

The Town's investment practices have been to invest in certificates of deposit, the State of Connecticut Short-Term Investment Fund (STIF) and the Tax Exempt Proceeds Fund ("TEPF"). The Town does not invest in derivative investment products.

Assessment Practices

The Town of Clinton last revalued its real property to be effective on the October 1, 2010 Grand List, for the 2011-12 fiscal year. The next revaluation is scheduled for October 1, 2015. Under Section 12-62 of the Connecticut General Statutes, 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 maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last general revaluation.

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. 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 lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automotive price schedule as recommended by the State Office of Policy and Management and the Assessor. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner 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. The tax is prorated, and the pro-ratio is based on the number of months of ownership between October 1 and the following July 31. 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 business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's clerk and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval of 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 approved the use of this abatement provision.

Tax Collection Procedure

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1 become delinquent.

According to the provisions of Public Act No. 82-141, effective July 1, 1982, and applicable to property taxes due on or after said date, delinquent property taxes were subject to interest at the rate of 1.5% per month. Real estate is liened for delinquent taxes within one year after the tax due date.

Property Tax Levies and Collections

Fiscal Year Ending 6/30	Net Taxable Grand List (1)	Tax Rate (In Mills)	Total Adjusted Tax Levy	% Collected End of Each FY	Uncollected Taxes End of Each FY	Uncollected Taxes As of 6/30/14
2015 (Adopted Budget)	\$ 1,505,482,578	26.27	\$ 39,070,992	In Process	In Process	In Process
2014	1,499,699,562	25.43	38,153,083	99.1	\$ 343,118	\$ 343,118
2013	1,496,831,086	25.18	37,573,535	99.3	276,834	151,162
2012	1,490,408,085	24.92	37,085,402	99.2	293,365	110,799
2011	1,657,196,850	22.41	37,002,482	99.5	196,226	105,655
2010	1,653,321,289	21.88	34,561,268	99.3	245,656	42,051
2009	1,652,335,831	20.94	34,582,861	99.8	292,797	17,156
2008	1,641,869,692	20.26	33,226,783	99.3	218,065	13,362
2007	1,629,017,115	19.57	31,781,777	99.5	167,022	12,870
2006	963,675,073	30.79	29,823,238	99.7	98,073	11,558

(1) Net Taxable Grand List as of October 1 (Includes Board of Assessment Appeals).

Source: Town Officials.

Taxable Grand List (1)

Grand List Dated	Real Property	Personal Property	Motor Vehicle Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/01/13	\$ 1,356,992,590	\$ 62,414,261	\$ 95,216,227	\$ 1,514,623,078	\$ 9,140,500	\$ 1,505,482,578
10/01/12	1,356,770,850	59,830,167	92,309,005	1,508,910,022	9,210,460	1,499,699,562
10/01/11	1,354,309,290	75,786,176	92,342,420	1,522,437,886	25,606,800	1,496,831,086
10/01/10	1,355,274,466	69,350,609	88,269,290	1,512,894,365	22,486,280	1,490,408,085
10/01/09	1,523,293,900	71,210,509	84,523,821	1,679,028,230	21,831,380	1,657,196,850
10/01/08	1,518,625,490	73,111,812	83,353,255	1,675,090,557	21,769,268	1,653,321,289
10/01/07	1,509,458,540	73,144,281	89,311,410	1,671,914,231	19,578,400	1,652,335,831
10/01/06	1,499,881,740	70,547,931	87,440,950	1,657,870,621	16,000,929	1,641,869,692
10/01/05	1,489,568,770	68,844,995	86,483,720	1,644,897,485	15,880,370	1,629,017,115
10/01/04	825,483,000	66,881,805	81,441,976	973,806,781	10,131,708	963,675,073

(1) The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1 (Includes Board of Assessment Appeals). A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last revaluation (Grand List of 10/1/10). The next revaluation is scheduled for 10/1/15.

Source: Town of Clinton Assessor's Office.

The following table sets forth the Real Property portion of the Town's taxable grand list by component:

Grand List Dated	Residential Property	Commercial Property	Public Utilities/ Vacant Land	Industrial Property	Total Real Property
10/01/13	\$ 1,179,612,477	\$ 133,438,803	\$ 17,481,560	\$ 26,459,750	\$ 1,356,992,590
10/01/12	1,175,718,507	134,251,003	18,245,240	28,556,100	1,356,770,850
10/01/11	1,167,573,390	138,566,540	18,509,150	29,660,210	1,354,309,290
10/01/10	1,163,222,040	143,666,276	18,915,040	29,471,110	1,355,274,466
10/01/09	1,309,915,530	156,276,340	25,111,510	31,990,520	1,523,293,900
10/01/08	1,304,883,660	156,072,440	26,635,690	32,033,700	1,519,625,490
10/01/07	1,296,592,560	154,338,640	26,790,140	31,737,200	1,509,458,540
10/01/06	1,288,110,535	153,390,365	26,959,340	31,421,500	1,499,881,740
10/01/05	1,269,090,249	160,347,331	28,670,190	31,461,000	1,489,568,770
10/01/04	677,808,509	108,220,571	14,337,220	25,116,700	825,483,000

Source: Town of Clinton Assessor's Office.

Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2013:

Name of Taxpayer	Nature of Operations	Total As of 10/1/13
Chelsea GCA Realty Partnership LP	Retail Factory Outlet	\$ 38,381,100
Connecticut Water Company	Public Water Supply Co.	16,058,410
JMH Associates	Retail Shopping Plaza	8,942,110
Connecticut Light and Power	Utility	8,734,970
Chesebrough-Ponds (Including Conopco, CTO Assoc. & Unilever)	Cosmetics	8,621,063
NPNC, LLC	Retail Shopping Plaza	8,304,250
CIM LLC	Real Estate	4,679,000
MJM	Self Storage	3,724,490
Clinton Country Club	Recreational	3,575,533
Drucas Builders LLC	Real Estate	2,925,600
Total		<u>\$ 103,946,526</u> (1)

(1) Represents 6.9% of the October 1, 2013 net taxable grand list of \$1,505,482,578.

Source: Town of Clinton Assessor's Office.

Revenues

The Town derives its revenues from a direct tax levy on property, State and Federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2010-2014 in "Statement of Revenues, Expenditures and Changes in Fund Balance (GAAP Basis) - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

Property Tax Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Tax As a % of General Fund Revenues</u>
2015 (Adopted Budget)	\$ 48,386,226	\$ 38,864,992	80.3
2014	51,097,320	38,123,058	74.6
2013	50,047,900	37,634,261	75.2
2012	49,723,025	37,169,019	74.8
2011	48,092,673	37,135,422	77.2
2010	47,289,809	36,324,724	76.8
2009	45,547,139	34,605,637	76.0
2008 (1)	53,305,221	33,299,853	62.5
2007	42,707,544	31,819,683	74.5
2006	40,791,942	30,030,578	73.6

(1) Includes one-time pass-through state funding for the teachers' retirement system pension liability in the amount of \$10,342,943 an increase of approximately \$8,628,750.

Source: Annual audited financial statements, fiscal year 2014-15 adopted budget.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Intergovernment Revenues</u>	<u>Intergovernmental Revenues as a % of General Fund Revenues</u>
2015 (Adopted Budget)	\$ 48,386,226	\$ 7,911,160	16.4
2014	51,097,320	11,757,984	23.0
2013	50,047,900	11,389,907	22.8
2012	49,723,025	11,674,036	23.5
2011	48,092,673	10,133,578	21.1
2010	47,289,809	10,091,741	21.3
2009	45,547,139	9,965,372	21.9
2008 (1)	53,305,221	18,180,031	34.1
2007	42,707,544	9,340,640	21.9
2006	40,791,942	9,364,250	23.0

(1) Includes one-time pass-through state funding for the teachers' retirement system pension liability in the amount of \$10,342,943 an increase of approximately \$8,628,750.

Source: Annual audited financial statements, fiscal year 2014-15 adopted budget.

Expenditures

<u>Fiscal Year</u>	<u>Board of Education %</u>	<u>General Government %</u>	<u>Public Safety %</u>	<u>Debt Service %</u>	<u>Public Works %</u>
2015 (Adopted Budget)	66.4	12.4	8.8	4.7	3.7
2014	68.9	11.6	8.4	4.1	3.4
2013	68.1	11.9	7.9	3.7	4.8
2012	67.0	11.6	8.4	4.0	5.8
2011	69.8	11.8	7.7	3.8	3.3
2010	69.4	11.5	7.9	4.0	3.3
2009	69.3	11.0	8.2	4.3	3.5
2008 (1)	73.9	9.9	6.7	3.9	2.9
2007	68.7	11.2	8.5	5.1	3.1
2006	68.5	11.8	8.0	4.7	3.5

(1) Includes one-time pass-through state funding for the teachers' retirement system pension liability in the amount of \$10,342,943 an increase of approximately \$8,628,750.

Source: Annual audited financial statements, fiscal year 2014-15 adopted budget.

Comparative General Fund Operating Statement
(Budget and Actual – Budgetary Basis)

	Fiscal Year 2013-14			Fiscal Year 2014-15
	Final Budget	Actual Operations	Favorable (Unfavorable)	Adopted Budget
REVENUES				
Property taxes	\$ 38,056,678	\$ 38,123,058	\$ 66,380	\$ 38,864,992
Intergovernmental	7,618,129	7,984,014	365,885	7,911,160
Charges for services	639,800	1,008,847	369,047	1,390,074
Investment income	80,000	29,766	(50,234)	70,000
Miscellaneous	10,000	320,126	310,126	150,000
TOTAL REVENUES	46,404,607	47,465,811	1,061,204	48,386,226
EXPENDITURES				
Current:				
General government	5,733,722	5,733,722	-	5,865,152
Public safety	4,143,716	4,143,716	-	4,144,695
Public works	1,649,711	1,649,711	-	1,729,073
Planning and development	326,830	326,830	-	319,061
Health and welfare	451,340	451,340	-	503,220
Library	735,104	735,104	-	740,104
Parks and recreation	285,288	285,288	-	312,741
Education	30,427,031	30,383,086	43,945	31,283,426
Debt service	2,049,219	2,049,219	-	2,214,104
TOTAL EXPENDITURES	45,801,961	45,758,016	43,945	47,111,576
Revenues over (under) expenditures	602,646	1,707,795	1,105,149	1,274,650
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	(1,914,620)	(1,914,620)	-	(1,274,650)
TOTAL OTHER FINANCING SOURCES (USES)	(1,914,620)	(1,914,620)	-	(1,274,650)
Revenues and other financing sources over (under) expenditures and other financing (uses)	<u>\$ (1,311,974)</u>	<u>\$ (206,825)</u>	<u>\$ 1,105,149</u>	<u>\$ -</u>

Source: Annual audited financial statements; fiscal year 2014-15 adopted budget; Town finance office.

Comparative Balance Sheets - General Fund

	<u>2010</u>	<u>2011 (1)</u>	<u>2012 (1)</u>	<u>2013 (1)</u>	<u>2014 (1,2)</u>
ASSETS					
Cash and cash equivalents	\$ 8,425,047	\$ 13,302,203	\$ 10,614,375	\$ 12,051,381	\$ 26,823,050
Property taxes	1,262,404	483,059	655,544	689,210	839,241
Intergovernmental	-	6,551	1,016,592	231,839	231,839
Other receivable	-	607,876	482,244	595,172	585,711
Due from other funds	1,485,321	450,403	416,654	466,769	576,338
Other assets	-	70,044	47,560	-	-
TOTAL ASSETS	<u>\$ 11,172,772</u>	<u>\$ 14,920,136</u>	<u>\$ 13,232,969</u>	<u>\$ 14,034,371</u>	<u>\$ 29,056,179</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,388,343	\$ 1,383,171	\$ 977,438	\$ 1,204,999	\$ 1,196,988
Deferred revenue	1,299,003	819,314	780,558	1,265,225	-
Due to other funds	1,551,245	4,102,710	3,026,857	3,572,966	18,361,580
Total liabilities	<u>4,238,591</u>	<u>6,305,195</u>	<u>4,784,853</u>	<u>6,043,190</u>	<u>19,558,568</u>
Deferred inflows of resources:					
Unavailable revenue					
Property taxes	-	-	-	-	1,279,892
Advance property tax collections	-	-	-	-	491,504
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,771,396</u>
Fund balances:					
Nonspendable	-	70,044	47,560	-	-
Committed	-	350,000	350,000	350,000	350,000
Assigned	-	844,592	875,545	471,763	363,622
Unassigned	-	7,350,305	7,175,011	7,169,418	7,012,593
Reserved for encumbrances	505,232	-	-	-	-
Unreserved:					
Undesignated	6,428,949	-	-	-	-
Total fund balances	<u>6,934,181</u>	<u>8,614,941</u>	<u>8,448,116</u>	<u>7,991,181</u>	<u>7,726,215</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,172,772</u>	<u>\$ 14,920,136</u>	<u>\$ 13,232,969</u>	<u>\$ 14,034,371</u>	<u>\$ 29,056,179</u>

(1) As of June 30, 2011 fund balances are reported as per Governmental Accounting Standards Board ("GASB") 54.

(2) As of June 30, 2014 assets and liabilities have been presented differently.

Source: Town annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund
(GAAP Basis)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
REVENUES:					
Property taxes	\$ 36,324,724	\$ 37,135,422	\$ 37,169,019	\$ 37,634,261	\$ 38,123,058
Intergovernmental	10,091,741	10,133,578	11,674,036	11,389,907	11,757,984
Charges for services	756,082	700,649	701,473	884,191	1,008,847
Investment income	94,389	85,108	63,547	37,196	29,766
Miscellaneous	<u>22,873</u>	<u>37,916</u>	<u>114,950</u>	<u>102,345</u>	<u>177,665</u>
TOTAL REVENUES	<u>47,289,809</u>	<u>48,092,673</u>	<u>49,723,025</u>	<u>50,047,900</u>	<u>51,097,320</u>
EXPENDITURES:					
Current:					
General government	5,155,564	5,430,820	5,577,155	5,813,810	5,727,734
Public safety	3,554,486	3,542,306	4,044,058	3,862,360	4,143,421
Public works	1,496,757	1,530,161	2,801,737	2,356,840	1,659,362
Planning and development	293,683	238,212	237,807	248,150	328,819
Health and welfare	421,954	414,141	425,500	472,779	451,340
Culture and recreation	977,308	956,247	862,725	997,262	1,021,534
Education	31,113,649	32,137,637	32,273,832	33,124,324	34,066,239
Debt service	<u>1,812,756</u>	<u>1,770,376</u>	<u>1,925,068</u>	<u>1,786,673</u>	<u>2,049,217</u>
TOTAL EXPENDITURES	<u>44,826,157</u>	<u>46,019,900</u>	<u>48,147,882</u>	<u>48,662,198</u>	<u>49,447,666</u>
Excess (deficiency) of revenues over expenditures	<u>2,463,652</u>	<u>2,072,773</u>	<u>1,575,143</u>	<u>1,385,702</u>	<u>1,649,654</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers in	-	246,623	198,603	3,049	-
Operating transfers out	<u>(1,283,400)</u>	<u>(988,626)</u>	<u>(1,940,571)</u>	<u>(1,845,686)</u>	<u>(1,914,620)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,283,400)</u>	<u>(742,003)</u>	<u>(1,741,968)</u>	<u>(1,842,637)</u>	<u>(1,914,620)</u>
Net change in fund balances	1,180,252	1,330,770	(166,825)	(456,935)	(264,966)
Fund Balances - beginning of year	<u>5,753,929</u>	<u>6,934,181</u>	<u>8,614,941</u> (1)	<u>8,448,116</u>	<u>7,991,181</u>
Fund Balances - end of year	<u>\$ 6,934,181</u>	<u>\$ 8,264,951</u>	<u>\$ 8,448,116</u>	<u>\$ 7,991,181</u>	<u>\$ 7,726,215</u>

(1) As restated.

Source: Town annual audited financial statements.

SECTION VI – ADDITIONAL INFORMATION

Litigation

The Town of Clinton, its officers, employees, boards and commissions are defendants in various lawsuits. The Town Attorney is of the opinion that all 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.

In connection with one such lawsuit brought as a result of an automobile accident, Hopkins vs. Town of Clinton, et al, a jury, on January 25, 2011, returned a verdict in which it found the Town 90% at fault. The total judgment was in the amount of \$12,700,000. The Town is in the process of appealing this decision. The trial counsel for the insurance carrier has estimated that the Town's maximum exposure is less than \$3,000,000.

Legal Matters

Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut is serving as bond counsel with respect to the authorization and issuance of the Bonds and the Notes and will render its opinion with respect to the Bonds and the Notes in substantially the form included in this Official Statement as Appendices B-1 and B-2, respectively.

Financial Advisor

The Town has retained Independent Bond and Investment Consultants LLC ("IBIC LLC") of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds and the Notes. Although IBIC LLC has assisted in the preparation of the Official Statement, IBIC LLC is not obligated to undertake, and has not undertaken to make, an independent verification of, nor do they assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. IBIC LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Availability of Continuing Disclosure Information

The Town of Clinton prepares, in accordance with State law, annual independent audited financial statements and files such annual audits with the State Office of Policy and Management on annual basis. The Town provides to Moody's ongoing disclosure in the form of the annual audit report, adopted budgets and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement – the Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) a notice of the occurrence of certain events within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information. The Town will undertake in a Continuing Disclosure Agreement with respect to the Notes substantially in the form attached as Appendix D to this Official Statement (the "Continuing Disclosure Agreement – the Notes"), to provide notice of the occurrence of certain material events within 10 days of the occurrence of such events. The winning bidder's obligation to purchase the Bonds or Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds or Notes, an executed copy of the Continuing Disclosure Agreements for the Bonds or Notes. (See Appendices C and D, respectively).

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 events of notices pursuant to Rule 15c2-12(b)(5). The Town has not failed to comply in any material respects with the requirements provided in such continuing disclosure agreements for the last five years except for the following. The Town failed to make a timely provision by February 28, 2010 of certain annual information for the fiscal year ending June 30, 2009 and failed to make a timely filing of a notice with respect to such late filing. The annual financial information was submitted on August 3, 2010 and the notice of failure to file was made on December 21, 2010. In accordance with the Securities and Exchange Commission's interpretive letter dated June 23, 1995 to the National Association of Bond Lawyers regarding Rule 15c2-12 and the Town's previous continuing disclosure agreements, as to the filing for the fiscal year ending June 30, 2010, since audited financial statements were not available by eight months after the close of the fiscal year, February 28, 2011, the Town filed unaudited financial statements on February 28, 2011 and audited financial statements on April 27, 2011, when such audited financial statements were available. For the past five years, although the Town filed its audited financial statements and certain operating data within the required time periods each year, it failed to, in some cases, cross reference or file certain operating data for each of its fiscal years ended June 30, 2009, 2010, 2011, 2012 and 2013. In some cases, the operating data was included in the Town's official statements filed in connection with subsequent bond issues. The Town has cross-referenced and filed, as applicable, the operating data information for the fiscal years indicated above with the MSRB on December 10, 2014. The failure to cross reference or provide, as applicable, the operating data information was an unintentional oversight by the Town. The Town has hired its financial advisor to make its annual filings and is implementing procedures to ensure it files all required annual financial information in a timely manner in the future.

Documents Accompanying Delivery of the Bonds and Notes

Upon delivery of the Bonds and Notes, the purchaser(s) will be furnished with the following:

1. A signature and no litigation certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and Notes or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town, signed by the First Selectman and Treasurer, which will be dated the date of delivery and attached to a confirmed copy of the Official Statement, and which will certify to the best of said officials' knowledge and belief, that the descriptions and statements in the Official Statement relating to the Town of Clinton 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 the 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. The approving opinions of Pullman & Comley, LLC, Bond Counsel.
4. The Town will provide the winning bidder of the Bonds 100 copies of the Official Statement, and the winning bidder of the Notes 15 copies of the Official Statement, as prepared for this issue at the Town's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by a winning bidder at its own expense by arrangement with the printer. If the Issuer's financial advisor is provided with the necessary information from the winning bidders by noon of 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, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds and Notes.
5. Executed Continuing Disclosure Agreements for the Bonds and Notes in substantially the forms attached to the Official Statement as Appendices C and D, respectively.
6. A receipt for the purchase price of the Bonds and Notes.

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

Concluding Statement

Additional information concerning the Town of Clinton and this issue may be obtained upon request from the Finance Office at (203) 699-9465 or from Independent Bond and Investment Consultants LLC at (203) 245-7264.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. 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 and Notes.

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

TOWN OF CLINTON, CONNECTICUT

BY: _____

WILLIAM W. FRITZ, JR.
First Selectman

BY: _____

TODD POZEFSKY
Treasurer

Dated: January 16, 2015

APPENDIX A - FINANCIAL STATEMENTS

TOWN OF CLINTON, CONNECTICUT

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JUNE 30, 2014

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Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of Clinton for the Fiscal Year ending June 30, 2014 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of Clinton, Connecticut.



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Clinton, 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 Clinton, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Clinton, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Clinton, Connecticut, as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-3 through A-9, the budgetary comparison information on pages A-51 through A-56 and the supplementary pension information on pages A-57 through A-59 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.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 15, 2014

**TOWN OF CLINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

This discussion and analysis of the Town of Clinton, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX. All amounts in this section of the report are reported in thousands.

Financial Highlights

- Net position of our governmental activities decreased by \$676, or 1.72%.
- During the year, the Town had expenses that were \$676 more than the \$54,206 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$54,882 with no new programs added this year.
- The General Fund reported a fund balance this year of \$7,726.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities 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 cash is received or paid.

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities:

- *Governmental Activities* - The Town's basic services are reported here, including education, public safety, public works, planning and development, parks and recreation and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town establishes many other funds to help control and manage financial activities for particular purposes (like the landfill closure fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State of Connecticut). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation after each fund financial statement.
- *Proprietary Funds (Exhibits V, VI and VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Internal service funds (the component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities - such as the Town's Dental Benefits Fund and Police Heart and Hypertension Internal Service Funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded 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.

Government-Wide Financial Analysis

The Town's combined net position decreased from \$39,959 to \$39,283. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

TABLE 1
NET POSITION
(In Thousands)

	Governmental Activities	
	2014	2013
Current and other assets	\$ 31,315	\$ 16,727
Capital assets	65,735	63,436
Total assets	97,050	80,163
Deferred Outflow of Resources	227	254
Long-term debt outstanding	38,501	32,214
Other liabilities	19,001	8,019
Total liabilities	57,502	40,233
Deferred Inflow of Resources	492	225
Net Position:		
Net investment in capital assets	20,416	35,994
Unrestricted	18,867	3,965
Total Net Position	\$ 39,283	\$ 39,959

Net position in the Town's governmental activities decreased by 1.72%. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$3,965 at June 30, 2013 to \$18,867 at the end of this year.

TABLE 2
CHANGE IN NET POSITION
(In Thousands)

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 1,381	\$ 1,310
Operating grants and contributions	13,371	12,505
Capital grants and contributions	370	496
General revenues:		
Property taxes	38,363	37,704
Grants and contributions not restricted to specific purposes	513	713
Unrestricted investment earnings	30	39
Other general revenues	178	121
Total revenues	<u>54,206</u>	<u>52,888</u>
Program Expenses:		
General government	6,392	6,232
Public safety	4,857	4,777
Public works	2,925	5,471
Planning and development	361	276
Health and welfare	821	858
Culture and recreation	1,497	1,490
Education	36,855	35,613
Interest on long-term debt	1,174	694
Total program expenses	<u>54,882</u>	<u>55,411</u>
Decrease in Net Position	\$ <u>(676)</u>	\$ <u>(2,523)</u>

The Town's total revenues were \$54,206. The total cost of all programs and services was \$54,882. Our analysis below considers the operations of governmental activities.

Property taxes account for 70.77% of all revenues followed by operating grants and contributions 24.67%. Education expenses are 67.15% of total expenses; general government and public safety are 11.65% and 8.85%, respectively.

Governmental Activities

Table 3 presents the cost of each of the Town's five largest programs - general government, public safety, public works, education, and culture and recreation - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
General government	\$ 6,392	\$ 6,232	\$ (5,482)	\$ (5,612)
Public safety	4,857	4,777	(4,646)	(4,479)
Public works	2,925	5,471	(2,171)	(4,279)
Education	36,855	35,613	(24,778)	(24,487)
Culture and recreation	1,497	1,490	(1,216)	(1,215)
All others	<u>2,356</u>	<u>1,828</u>	<u>(1,467)</u>	<u>(1,027)</u>
Total	\$ <u>54,882</u>	\$ <u>55,411</u>	\$ <u>(39,760)</u>	\$ <u>(41,099)</u>

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$9,275, which is an increase of \$3,388 from last year's total of \$5,887. The fund balance increase was primarily driven by decreases in the General Fund balance of \$265 and an increase in Capital Projects Fund of \$3,614 and Nonmajor Governmental Funds of \$39.

General Fund Budgetary Highlights

At the end of the current fiscal year, the General Fund total balance was \$7,726. Of this fund balance, \$350 is committed to the Landfill Closing; \$364 is assigned, of which \$214 is for outstanding encumbrances and \$150 is for the 2014-15 operating budget; and the balance is unassigned in the amount of \$7,012.

The fund balance of the town's General Fund decreased by \$265 during the current year and the unassigned fund balance decreased by \$156. The major factors behind the decrease of \$156 are as follows:

- Intergovernmental revenues were \$366 higher than budget of which \$136 was due to Storm Reimbursement.
- Property taxes collected were \$66 higher than budget.
- Charges for goods and services were \$369 higher than budget.

- Income on investments was \$50 lower than budget.
- Miscellaneous revenues were \$310 higher than budget.
- General Fund expenditures were \$44 lower than the amended budget and \$1,152 higher than the original budget. Transfers in excess of \$15 and special appropriations, other than those from contingency, must be approved by vote at a Town Meeting. There were supplemental appropriations of \$1,196 during the fiscal year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014, the Town had \$65,735 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment and roads. This amount represents a net increase (including additions and deductions) of \$2,299, or 3.62%, over last year.

TABLE 4
CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)
(In Thousands)

	Governmental Activities	
	2014	2013
Land	\$ 6,068	\$ 6,068
Buildings	29,227	29,465
Improvements other than buildings	3,004	3,524
Machinery and equipment	2,452	2,133
Infrastructure	18,554	16,916
Construction in progress	6,430	5,330
Total	<u>\$ 65,735</u>	<u>\$ 63,436</u>

This year's major additions included (in thousands):

Old Police Station (Construction in Progress)	\$ 1,453
New Morgan High School (Construction in Progress)	1,177
Infrastructure Roads	2,165
Window Replacement (BOE)	482
Fire Rescue Truck	385

The Town's fiscal-year 2014-15 capital budget calls for it to spend another \$1.275 for capital projects, principally for building maintenance, park enhancements, equipment purchases and computers. More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2014, the Town had \$27,510 in bonds and notes outstanding versus \$21,800 last year - an increase of \$5,710, or 26.19%.

The Town's general obligation bond rating maintains an Aa2 rating from Moody's Investors Service. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$266,752 state-imposed limit.

In February 2014, the Town issued a general obligation bond in the amount of \$6,995,000. This bond issue was for Various Infrastructure Improvements including the Old Police Station, Bulkheads, and New Morgan High School.

Also in February 2014 the Town issued \$17,000,000 in general obligation bonds anticipation notes with a maturity date of February 10, 2015 to provide temporary funding for the construction of the New Morgan High School.

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2014-15 budget tax rates. One of those factors is the economy. The Town's employment growth is flat. The Town's unemployment rate is similar to the State's current rate.

These indicators were taken into account when adopting the General Fund budget for 2014-15. The adopted budget is \$48,386 or an increase of \$1,866 or 4.01% over the 2013-14 budget of \$46,520. The estimated collection rate was set at 98.8%. The town's grand list grew by 0.41% and the mill rate was set at 26.27 for a mill rate increase 0.84 or 3.30%. The revenue increases are \$1,432 for current property taxes, \$293 for intergovernmental revenue and \$140 for town generated fees. Total expenditure increased by \$1,866. This was comprised of operating increases for town of \$447, education of \$740, capital improvements of \$514, and \$165 for debt services.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, 54 Main Street, Clinton, Connecticut 06413.

TOWN OF CLINTON, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 28,920,040
Receivables, net	2,253,685
Inventories	21,867
Net pension asset	120,127
Capital assets not being depreciated	12,497,646
Capital assets being depreciated - net of accumulated depreciation	53,237,031
Total assets	<u>97,050,396</u>
Deferred Outflows on Resources:	
Deferred charge on refunding	<u>226,763</u>
Liabilities:	
Accounts and other payables	1,811,716
Due to fiduciary funds	54,607
Unearned revenue	135,031
Bond anticipation notes	17,000,000
Noncurrent liabilities:	
Due within one year	2,016,955
Due in more than one year	36,483,965
Total liabilities	<u>57,502,274</u>
Deferred Inflows of Resources:	
Advance property tax collections	<u>491,504</u>
Net Position:	
Net investment in capital assets	20,416,341
Unrestricted	<u>18,867,040</u>
Total Net Position	<u>\$ 39,283,381</u>

The accompanying notes are an integral part of the financial statements

TOWN OF CLINTON, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 6,391,644	\$ 368,217	\$ 323,331	\$ 217,978	\$ (5,482,118)
Public safety	4,856,703	165,346	45,720		(4,645,637)
Public works	2,924,866	93,860	542,378	117,909	(2,170,719)
Planning and development	361,627	95,499			(266,128)
Health and welfare	821,455	11,202	782,905		(27,348)
Culture and recreation	1,496,717	212,467	33,327	34,432	(1,216,491)
Education	36,854,848	434,320	11,642,911		(24,777,617)
Interest on long-term debt	1,174,110				(1,174,110)
Total Governmental Activities	\$ <u>54,881,970</u>	\$ <u>1,380,911</u>	\$ <u>13,370,572</u>	\$ <u>370,319</u>	<u>(39,760,168)</u>
General revenues:					
Property taxes					38,362,714
Grants and contributions not restricted to specific programs					513,195
Unrestricted investment earnings					30,313
Miscellaneous					178,065
Total general revenues					<u>39,084,287</u>
Change in net position					(675,881)
Net Position at Beginning of Year					<u>39,959,262</u>
Net Position at End of Year					\$ <u><u>39,283,381</u></u>

TOWN OF CLINTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 26,823,050	\$	\$ 960,380	\$ 27,783,430
Receivables, net	1,656,791		596,894	2,253,685
Due from other funds	576,338	17,986,277	253,800	18,816,415
Inventories			21,867	21,867
Total Assets	<u>\$ 29,056,179</u>	<u>\$ 17,986,277</u>	<u>\$ 1,832,941</u>	<u>\$ 48,875,397</u>
LIABILITIES, DEFERRED INFLOWS OR RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,196,988	\$ 217,631	\$ 17,393	\$ 1,432,012
Due to other funds	18,361,580		576,338	18,937,918
Bond anticipation notes		17,000,000		17,000,000
Unearned revenue			135,031	135,031
Total liabilities	<u>19,558,568</u>	<u>17,217,631</u>	<u>728,762</u>	<u>37,504,961</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	1,279,892			1,279,892
Unavailable revenue - loans receivable			323,099	323,099
Advance property tax collections	491,504			491,504
Total deferred inflows of resources	<u>1,771,396</u>	<u>-</u>	<u>323,099</u>	<u>2,094,495</u>
Fund balances:				
Nonspendable			21,867	21,867
Restricted		768,646	515,942	1,284,588
Committed	350,000		251,082	601,082
Assigned	363,622			363,622
Unassigned	7,012,593		(7,811)	7,004,782
Total fund balances	<u>7,726,215</u>	<u>768,646</u>	<u>781,080</u>	<u>9,275,941</u>
Total Liabilities Deferred Inflows and Fund Balances	<u>\$ 29,056,179</u>	<u>\$ 17,986,277</u>	<u>\$ 1,832,941</u>	<u>\$ 48,875,397</u>

(Continued on next page)

TOWN OF CLINTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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:

Fund balances - total governmental funds	\$ 9,275,941
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 118,101,622	
Less accumulated depreciation	<u>(52,366,945)</u>	
Net capital assets		65,734,677

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

Net pension asset	120,127
Property tax receivables greater than 60 days	801,202
Interest receivable on property taxes	478,690
Loans receivable	323,099

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net position.

1,148,506

Long-term liabilities, including bonds payable, are not due and payable
in the current period and, therefore, are not reported in the funds:

Net pension obligation	(247,051)
Net other post employment benefit obligation	(2,178,938)
Bonds and notes payable	(27,510,000)
Interest payable on bonds and notes	(379,704)
Compensated absences	(2,245,695)
Bond premium	(1,035,099)
Landfill closure liability	(5,229,137)
Deferred charges on refunding	<u>226,763</u>

Net Position of Governmental Activities (Exhibit I)	<u><u>\$ 39,283,381</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF CLINTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 38,123,058	\$	\$	\$ 38,123,058
Intergovernmental	11,757,984	217,978	1,729,787	13,705,749
Charges for services	1,008,847		529,958	1,538,805
Income on investments	29,766		487	30,253
Miscellaneous	177,665		67,714	245,379
Total revenues	<u>51,097,320</u>	<u>217,978</u>	<u>2,327,946</u>	<u>53,643,244</u>
Expenditures:				
Current:				
General government	5,727,734		152,267	5,880,001
Public safety	4,143,421		34,455	4,177,876
Public works	1,659,362		169,140	1,828,502
Planning and development	328,819		32,808	361,627
Health and welfare	451,340		374,823	826,163
Culture and recreation	1,021,534		289,466	1,311,000
Education	34,066,239		1,352,948	35,419,187
Debt service	2,049,217	109,782		2,158,999
Capital outlay		5,521,988		5,521,988
Total expenditures	<u>49,447,666</u>	<u>5,631,770</u>	<u>2,405,907</u>	<u>57,485,343</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,649,654</u>	<u>(5,413,792)</u>	<u>(77,961)</u>	<u>(3,842,099)</u>
Other Financing Sources (Uses):				
General obligation bonds issued		6,995,000		6,995,000
Premiums on bonds		235,581		235,581
Transfers in		1,798,000	116,620	1,914,620
Transfers out	(1,914,620)			(1,914,620)
Total other financing sources (uses)	<u>(1,914,620)</u>	<u>9,028,581</u>	<u>116,620</u>	<u>7,230,581</u>
Net Change in Fund Balances	(264,966)	3,614,789	38,659	3,388,482
Fund Balances at Beginning of Year	<u>7,991,181</u>	<u>(2,846,143)</u>	<u>742,421</u>	<u>5,887,459</u>
Fund Balances at End of Year	<u>\$ 7,726,215</u>	<u>\$ 768,646</u>	<u>\$ 781,080</u>	<u>\$ 9,275,941</u>

(Continued on next page)

TOWN OF CLINTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 3,388,482
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Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	4,604,032
Depreciation expense	(2,305,670)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	175,123
Property tax interest and lien revenue - accrual basis change	64,533
Loans receivable - accrual basis change	323,099
Amortization of bond premiums	96,714
Change in net pension asset	(999)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond and note principal payments	1,285,000
Issuance of bonds and notes	(6,995,000)
Premium on bonds issued	(235,581)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	(36,981)
Accrued interest	(83,395)
Amortization of deferred charge on refunding	(27,028)
Other	(286,402)
Net pension expense	3,586
Net OPEB expense	(445,400)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.	(199,994)
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (675,881)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF CLINTON, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2014

		Governmental Activities Internal Service Funds
Assets:		
Cash and cash equivalents	\$	1,136,610
Due from other funds		66,896
Total assets		1,203,506
Liabilities:		
Risk management claims		55,000
Net Position:		
Unrestricted	\$	1,148,506

The accompanying notes are an integral part of the financial statements

TOWN OF CLINTON, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Operating Expenses:	
Employee benefits	\$ 188,692
Administrative fees	11,392
Total operating expenses	<u>200,084</u>
Operating Loss	(200,084)
Nonoperating Revenue:	
Income on investments	<u>90</u>
Change in Net Position	(199,994)
Total Net Position at Beginning of Year	<u>1,348,500</u>
Total Net Position at End of Year	\$ <u><u>1,148,506</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF CLINTON, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:	
Cash paid for insurance claims and premiums	\$ (195,818)
Cash Flows from Investing Activities:	
Interest received	<u>90</u>
Net Decrease in Cash and Cash Equivalents	(195,728)
Cash and Cash Equivalents at Beginning of Year	<u>1,332,338</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>1,136,610</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (200,084)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in assets and liabilities:	
Decrease in claims payable	(27,757)
Decrease in accounts receivable	<u>32,023</u>
Net Cash Used in Operating Activities	\$ <u><u>(195,818)</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF CLINTON, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2014

	Pension Trust Fund	Agency Funds
Assets:		
Cash and cash equivalents	\$ 133,933	\$ 702,307
Investments - mutual funds	12,871,502	
Investments - bonds	2,640,394	
Due from other funds	6,599	48,008
	<u>15,652,428</u>	<u>\$ 750,315</u>
Total assets		
Liabilities:		
Due to student groups and others		\$ <u>750,315</u>
Net Position:		
Held in Trust for Pension Benefits	\$ <u>15,652,428</u>	

The accompanying notes are an integral part of these financial statements

TOWN OF CLINTON, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2014

Additions:

Contributions:

Employer	\$	1,289,356
Plan members		<u>125,156</u>
Total contributions		1,414,512

Investment income		<u>1,982,988</u>
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Total additions		3,397,500
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Deductions:

Benefits	\$	1,094,152
Administration		<u>149,377</u>

Total deductions		<u>1,243,529</u>
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Change in Net Position		2,153,971
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Net Position at Beginning of Year		<u>13,498,457</u>
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Net Position at End of Year	\$	<u><u>15,652,428</u></u>
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The accompanying notes are an integral part of these financial statements

TOWN OF CLINTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Clinton, 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 was incorporated under the provisions of the Connecticut General Statutes. The Town operates by charter under the Town Meeting/Selectman form of government and provides the following services: public safety, public works (highway), planning and development, health and welfare, parks and recreation, education, public improvements and general administrative services. An elected six-member Board of Finance is responsible for providing fiscal annual operating budgets to the Annual Town Meeting. An elected seven-member Board of Education is responsible for the operation of the school system.

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.

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

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 proprietary fund and 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

The Capital Projects Fund is used to account for the financial resources for the acquisition and construction of major capital facilities.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for the self-insured activities related to Employee Dental Benefits and Police Heart and Hypertension claims.

The Pension Trust Fund accounts for the activities of the Town of Clinton Retirement System, which accumulates resources for pension benefit payments to qualified Police employees and Board of Education noncertified personnel.

The Agency Funds account for various activities held on behalf of others such as student activities and performance bonds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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.

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 as described in Note 3.

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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed using historical data.

F. Property Taxes

Property taxes are assessed as of October 1 and billed the following July. Real estate and personal property taxes are payable in two installments on July 1 and January 1. Motor vehicle bills are payable on 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 1-1/2% per month. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value. Unpaid balances at June 30 are lienied. An amount of \$37,000 has been established as an allowance for uncollectible taxes. At June 30, 2014, this represents 5.34% of all property taxes receivable.

G. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. 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 the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	10-25
Infrastructure	20-70
Improvements other than buildings	5-10
Vehicles	5-25
Machinery and tools	10
Office equipment	5
Computer equipment	5

I. Deferred Outflows/Inflows of Resources

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

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 advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which

the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

J. Compensated Absences

Unused sick leave may be accumulated for certain employees up to a limit ranging from 50 to 240 days, depending upon the contracts in force, until termination, retirement or death, at which time payments will be made.

Liabilities for compensated absences are accrued at current salary rates in force at June 30, 2013. The liability for compensated absences is recorded in the government-wide statement of net position.

K. Long-Term Obligations

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

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

L. Fund 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 - Restrictions are 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. The Town currently has no assets under restriction.

Unrestricted - 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 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. The Town of Clinton Board of Finance is the highest level of decision making authority for the Town and can commit fund balance through the adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until similar action is taken to remove or revise the limitation.

Assigned Fund Balance - This balance represents amounts constrained for the intent to be used for a specific purpose by the Board of Finance or Finance Director, which has been delegated authority to assign amounts by the Town Charter.

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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town’s Annual Budget Meeting is held on the first Wednesday in May. Each department, office, board, commission and agency seeking an annual appropriation is required to present itemized estimates of expenditures and revenues for the ensuing year to the Board of Selectmen. The Board of Selectmen makes comments and recommendations and presents the proposed general budget to the Board of Finance. Not less than 14 days prior to the Annual Budget Meeting, the Board of Finance holds a public hearing on the budget proposal. Five days prior to the Annual Budget Meeting, the Board of Finance is required to file its budget recommendation with the Town Clerk.

The Annual Budget Meeting has the power to decrease any appropriation recommended by the Board of Finance, but may not increase any appropriation or create a new appropriation. The Town general government budget and the Board of Education budget are voted on as separate resolutions. The Town Charter provides for procedures to be followed upon defeat of the recommended budget, and in the event of a referendum.

Town management may transfer amounts between line items within a department. The Board of Selectmen, upon approval of the Board of Finance, is authorized to transfer amounts between departmental accounts. The legal level of control is established at the departmental level. Appropriations generally lapse at the end of the fiscal year with the exception of appropriations for capital projects, which are carried forward until the project is completed.

The Board of Selectmen, with the approval of the Board of Finance, is authorized to approve additional appropriations from the contingency account not to exceed \$15,000 per department in any fiscal year. Transfers in excess of \$15,000, and special appropriations other than those from contingency, must be approved by vote of the Town Meeting. There were supplemental appropriations during the fiscal year of \$1,195,707.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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 the Statutes, 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 does 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.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

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. 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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$7,854,073 of the Town's bank balance of \$9,217,763 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,034,920
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>819,153</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 7,854,073</u></u>

Cash Equivalents

At June 30, 2014, the Town's cash equivalents amounted to \$21,298,434. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools have maturities of less than one year.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management - Cooperative	
Liquid Asset Security System (CLASS)	AAAm

B. Investments

Investments as of June 30, 2014 in all funds are as follows:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
Government Backed Securities	N/A	\$ 190,933	\$	\$	\$ 190,933
Government Bonds	AAA	1,319,548	603,545	673,989	42,014
Government Bonds	AAA/AA+	172,936		172,936	
Government Bonds	N/A	258,799	52,997		205,802
Corporate Bonds	A1/AA+	92,245		92,245	
Corporate Bonds	A1/A+	141,167		141,167	
Corporate Bonds	A2/AA-	42,174		42,174	
Corporate Bonds	AA1/AA+	39,803		39,803	
Corporate Bonds	A2/A	41,347		41,347	
Corporate Bonds	A3/A	39,750		39,750	
Corporate Bonds	BAA1	38,620		38,620	
Corporate Bonds	N/A	263,072		263,072	
			\$ 656,542	\$ 1,545,103	\$ 438,749
Other investments:					
Mutual funds		12,871,502			
Total Investments		\$ 15,511,896			

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town does not have a formal investment policy that limits investment options.

Concentration of Credit Risk - The Town's investment policy does not specify a limit for an investment in any one issuer.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), 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 does not have a policy for custodial credit risk. At June 30, 2013, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

Receivables as of year end for the Town's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:			
Interest	\$ 478,690	\$	\$ 478,690
Taxes	876,241		876,241
Accounts	253,965	323,099	577,064
Intergovernmental	84,895	273,795	358,690
Gross receivables	<u>1,693,791</u>	<u>596,894</u>	<u>2,290,685</u>
Less allowance for uncollectibles	<u>(37,000)</u>		<u>(37,000)</u>
Net Total Receivables	<u>\$ 1,656,791</u>	<u>\$ 596,894</u>	<u>\$ 2,253,685</u>

5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,068,110	\$	\$	\$ 6,068,110
Construction in progress	<u>5,329,815</u>	<u>3,074,449</u>	<u>(1,974,728)</u>	<u>6,429,536</u>
Total capital assets not being depreciated	<u>11,397,925</u>	<u>3,074,449</u>	<u>(1,974,728)</u>	<u>12,497,646</u>
Capital assets being depreciated:				
Buildings	55,617,303	687,783		56,305,086
Improvements other than buildings	9,805,724			9,805,724
Machinery and equipment	7,246,812	611,464	(5,351)	7,852,925
Infrastructure	<u>29,435,177</u>	<u>2,205,064</u>		<u>31,640,241</u>
Total capital assets being depreciated	<u>102,105,016</u>	<u>3,504,311</u>	<u>(5,351)</u>	<u>105,603,976</u>
Less accumulated depreciation for:				
Buildings	(26,152,007)	(925,382)		(27,077,389)
Improvements other than buildings	(6,282,198)	(519,501)		(6,801,699)
Machinery and equipment	(5,113,669)	(293,054)	5,351	(5,401,372)
Infrastructure	<u>(12,518,752)</u>	<u>(567,733)</u>		<u>(13,086,485)</u>
Total accumulated depreciation	<u>(50,066,626)</u>	<u>(2,305,670)</u>	<u>5,351</u>	<u>(52,366,945)</u>
Total capital assets being depreciated, net	<u>52,038,390</u>	<u>1,198,641</u>	<u>-</u>	<u>53,237,031</u>
Governmental Activities Capital Assets, Net	<u>\$ 63,436,315</u>	<u>\$ 4,273,090</u>	<u>\$ (1,974,728)</u>	<u>\$ 65,734,677</u>

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

Governmental activities:	
General government	\$ 129,910
Public safety	580,948
Public works	661,637
Health and welfare	1,580
Culture and recreation	179,083
Education	<u>752,512</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,305,670</u>

Construction Commitments

The Town has active construction projects as of June 30, 2014. The project balances are as follows:

Old Police Station	\$ 65,928
Bulkhead and Uplands	418,922
School Renovation	293,944
School Construction	<u>58,143,601</u>
Total	<u>\$ 58,922,395</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 576,338
Nonmajor Governmental Funds	General Fund	253,800
Capital Projects	General Fund	17,986,277
Internal Service Funds	General Fund	66,896
Fiduciary Funds	General Fund	<u>54,607</u>
Total		<u>\$ 18,937,918</u>

Interfund balances represent temporary amounts due that result when one fund pays bills for another fund.

Interfund transfers:

	<u>Transfers in</u>		
	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:			
General Fund	\$ <u>1,798,000</u>	\$ <u>116,620</u>	\$ <u>1,914,620</u>

All transfers are routine in nature and are used to move resources from one fund to another.

7. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 21,800,000	\$ 6,995,000	\$ 1,285,000	\$ 27,510,000	\$ 1,315,000
Premiums on bonds payable	896,232	235,581	96,714	1,035,099	
Total bonds payable	22,696,232	7,230,581	1,381,714	28,545,099	1,315,000
Estimated landfill closure costs	5,229,137			5,229,137	
Claims and judgments	95,957		40,957	55,000	13,200
Compensated absences	2,208,714	36,981		2,245,695	688,755
Net OPEB obligation	1,733,538	445,400		2,178,938	
Net pension obligation	250,637		3,586	247,051	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 32,214,215</u>	<u>\$ 7,712,962</u>	<u>\$ 1,426,257</u>	<u>\$ 38,500,920</u>	<u>\$ 2,016,955</u>

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities in the amount of \$6,995,000.

A schedule of bonds as of June 30, 2014 is as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate (%)</u>	<u>Balance Outstanding June 30, 2014</u>
General obligation - Series A	2011	4,231,903	3.00-4.125	3,850,000
School bonds - Series A	2011	788,097	3.00-4.125	720,000
Refunding general obligation bonds - Series B	2011	3,251,000	3.00-4.00	2,136,000
Refunding school bonds - Series B	2011	1,574,000	3.00-4.00	1,034,000
Refunding general obligation bonds	2012	1,923,000	3.00	1,923,000
Refunding school bonds	2012	1,052,000	3.00	1,052,000
General obligation	2013	5,000,000	1.25-4.00	5,000,000
School bonds	2013	1,000,000	3.00-4.00	1,000,000
Refunding general obligation bonds	2013	2,996,000	3.00-4.00	2,996,000
Refunding school bonds	2013	804,000	3.00-4.00	804,000
School Bonds	2014	6,995,000	2.00-5.00	6,995,000
Total				<u>\$ 27,510,000</u>

The following is a schedule of bond maturities as of June 30, 2013:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,315,000	\$ 881,216	\$ 2,196,216
2016	1,480,000	843,251	2,323,251
2017	1,780,000	792,501	2,572,501
2018	1,875,000	728,575	2,603,575
2019	1,895,000	666,226	2,561,226
2020-2024	8,950,000	2,409,196	11,359,196
2025-2029	5,825,000	1,313,969	7,138,969
2030-2034	<u>4,390,000</u>	<u>409,013</u>	<u>4,799,013</u>
	<u>\$ 27,510,000</u>	<u>\$ 8,043,947</u>	<u>\$ 35,553,947</u>

The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 85,804,178	\$ 16,515,000	\$ 69,289,178
Schools	171,608,355	45,378,050	126,230,305
Sewers	143,006,963		143,006,963
Urban renewal	123,939,368		123,939,368
Pension deficit	114,405,570		114,405,570

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$266,946,330. It is estimated that the Town will receive State of Connecticut School Construction grant progress payments in the amount of \$26,751,950 for the new high school. Net indebtedness also includes bonds authorized-unissued in the amount of \$44,135,000 as detailed below.

A schedule of bonds authorized but unissued included in the debt limit calculation is presented below:

	<u>Authorized</u>	<u>Issued</u>	<u>Unissued</u>
2011 Bonding Projects	\$ 9,380,000	\$ 7,995,000	\$ 1,385,000
New Morgan High School	64,750,000	22,000,000	42,750,000

8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Police Employees' Retirement Plan

Plan Description

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its police officers. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund.

Management of the plans rests with the PERS Board, which consists of three elected members. The members consist of the First Selectman, the Board of Finance Chair, and the Police Commission Chair.

The Police Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries. All regular police employees hired who attain the age of 18 are eligible, on the first day of the following plan year, to participate. Benefits vest after ten years of service. Normal retirement is age 55 with 25 years of service. The Police Pension Committee, which consists of the Chairman of the Police Commission, the Chairman of the Board of Finance and the First Selectman, has the authority to establish and amend the benefit provisions for the plan.

The Town is now offering a "DROP" plan for nonbargaining members. This benefit only provides an additional retirement option and does not increase plan cost.

As of July 1, 2013, PERS membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	18
Terminated plan members entitled to benefits but not yet receiving them	1
Current plan members	<u>22</u>
Total	<u><u>41</u></u>

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: Financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

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

Funding Policy

The Town's funding policy provides for periodic employer contributions approximating the actuarially determined recommended contribution. Employees contribute 6% of their compensation to the plan. Administrative costs of the plan are financed through investment earnings. Contributions are established and may be amended by the Board of Selectmen. The contribution rate for the year beginning July 1, 2013 amounted to 47% of covered payroll.

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The 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 following was the Board's adopted asset allocation policy as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Large Cap	31.00 %
Mid Cap	8.00
Small cap	11.00
International Equity	8.00
REIT Equity	2.00
Fixed Income	35.00
Cash	5.00
Total	<u>100.00 %</u>

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

In accordance with Government Accounting Standards Board Statement No. 67, the components of the net pension liability of the Town at June 30, 2014, were as follows:

Total pension liability	\$ 17,789,405
Plan fiduciary net position	<u>10,943,938</u>
Net Pension Liability	<u>\$ 6,845,467</u>
Plan fiduciary net position as a percentage of the total pension liability	61.52%

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

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

Inflation	3.0%
Salary increases	4.5%, average, including inflation
Investment rate of return	7.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2012-June 30, 2013.

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, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap	9.50 %
Mid Cap	10.50
Small cap	11.30
International Equity	10.00
REIT Equity	8.50
Fixed Income	4.50
Cash	3.50

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. 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.

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 7.90%, 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 (6.90%) or 1 percentage point higher (8.90%) than the current rate:

	1% Decrease (6.90%)	Current Discount Rate (7.90%)	1% Decrease (8.90%)
Net Pension Liability	\$ 8,871,118	\$ 6,845,467	\$ 5,182,079

Annual Pension Cost

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

	Police Pension Fund
Annual required contribution	\$ 969,323
Interest on net pension obligation	20,051
Adjustment to annual required contribution	(23,637)
Annual pension cost	965,737
Contributions made	969,323
Decrease in net pension obligation	(3,586)
Net pension obligation at beginning of year	250,637
Net Pension Obligation at End of Year	\$ 247,051

The following is a summary of certain significant actuarial assumptions and other PERS information:

Actuarial valuation date	July 1, 2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	20-year open
Asset valuation method	5-year smoothing
Actuarial assumptions:	
Investment rate of return	7.9%
Projected salary increases	4.5%
Cost of living adjustments	4% commencing at age 62 for nonbargaining participants. Members of bargaining unit employed as of May 1, 1998, 1% per year subsequent to age 62, and 3% per year subsequent to the attainment of age 65.

Trend Information

<u>Fiscal Year</u>	<u>Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 697,050	100.6	\$ 254,823
6/30/13	833,199	100.4	250,637
6/30/14	965,737	100.4	247,051

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funded (Unfunded) AAL (UAAL) (a-b)</u>	<u>Percentage Funded (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((a-b)/c)</u>
7/1/08	\$ 8,216,786	\$ 11,971,020	\$ (3,754,234)	68.6%	\$ 1,843,169	203.7%
7/1/09	8,255,570	12,801,996	(4,546,426)	64.5	2,028,254	224.2
7/1/10	8,581,794	13,965,158	(5,383,364)	59.0	1,807,100	297.9
7/1/11	8,874,787	15,030,673	(6,155,886)	59.0	1,868,000	329.5
7/1/12	8,658,132	15,950,658	(7,292,526)	54.3	1,973,000	297.9
7/1/13	9,139,686	17,224,240	(8,084,554)	53.1	1,880,000	430.0

B. Town of Clinton Board of Education Noncertified Personnel Pension Plan

Plan Description

The Town of Clinton Board of Education is the administrator of a single-employer PERS established and administered by the Board of Education to provide pension benefits to the noncertified employees of the Board of Education. The PERS is considered part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The Board of Education establishes and amends the benefit provisions for the plan.

Management of the plans rests with the PERS Board, which consists of 4 members. The elected members include the Secretary of the Board of Education and the Chair of the Board of Education while the appointed members include the Superintendent of Schools and a representative from the banking institution holding the assets.

Town of Clinton Board of Education Noncertified Personnel Pension Plan provides retirement benefits as well as death benefits and disability benefits. Employees who have attained the age of 20-1/2 are eligible to participate in the plan on July 1, following the completion of six months of employment. Benefits vest after reaching age 65 or the tenth anniversary of entry into the plan. Normal retirement is age 65 with an early retirement option that includes a reduced benefit.

As of July 1, 2012, PERS membership consisted of:

Inactive participants entitled to deferred vested benefits	23
Retirees currently receiving benefits	10
Current employees:	
Vested	37
Partial vested	17
Not yet vested	<u>20</u>
Total	<u><u>107</u></u>

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: Financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

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

Funding Policy

The Board of Education's funding policy provides for periodic employer contributions approximating the actuarially determined recommended contribution. Employees contribute 1% of their compensation to the plan. Administrative costs are funded from investment earnings. The contribution rate for the year beginning July 1, 2012 amounted to 13.34% of covered payroll. Contributions are established and amended by the Board of Education.

Investments

Investment Policy: The PERS Board meets regularly with their investment advisors to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes and discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Although the Plan does not have a formal policy at this time the actuaries used investment trends shown within the plan asset portfolio as of June 30, 2014 to target its allocation as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Government Obligations	12.80 %
SEI Conservative Strategy	12.54
SEI Moderate Strategy	<u>74.66</u>
Total	<u><u>100.00 %</u></u>

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

In accordance with Government Accounting Standards Board Statement No. 67, the components of the net pension liability of the Town at June 30, 2014, were as follows:

Total pension liability	\$ 6,367,946
Plan fiduciary net position	<u>4,708,490</u>
Net Pension Liability	<u>\$ 1,659,456</u>
Plan fiduciary net position as a percentage of the total pension liability	73.94%

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

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

Inflation	2.75%
Salary increases	4.00%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2012 valuation were based on the results of an actuarial experience study for the period July 1, 2011-June 30, 2012.

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, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Government Obligations	0.49 %
SEI Conservative Strategy	1.95
SEI Moderate Strategy	4.49
Assumed Inflation - Mean	2.75
Assumed Inflation - Standard Deviation	2.00
Portfolio Arithmetic mean Return	7.70
Portfolio Standard Deviation	14.30

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. 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.

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 7.90%, 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 (6.90%) or 1 percentage point higher (8.90%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Decrease (8.00%)</u>
Net Pension Liability	\$ 2,349,746	\$ 1,659,456	\$ 1,068,423

Annual Pension Cost and Net Pension Obligations

In accordance with GASB Standard No. 27, the Board's annual pension cost and net pension obligation to the PERS for the current year were as follows:

Annual required contribution	\$	320,033
Interest on net pension obligation		(8,479)
Adjustment to annual required contribution		<u>9,478</u>
Annual pension cost		321,032
Contributions made		<u>320,033</u>
Decrease in net pension asset		999
Net pension asset at beginning of year		<u>(121,126)</u>
Net Pension Asset at End of Year	\$	<u><u>(120,127)</u></u>

The annual required contribution for the current year was determined as part of the July 1, 2012 actuarial valuation using the Entry Age Normal Cost Method. The actuarial assumptions included (a) 7.0% and 6.0% investment rate of return pre-termination and post-termination, respectively, and (b) projected salary increases of 4% per year. The amortization period is 20 years, closed.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/12	\$ 295,245	100.30	\$ (121,723)
6/30/13	306,458	99.81	(121,126)
6/30/14	321,032	99.69	(120,127)

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funded (Unfunded) AAL (UAAL) (a-b)</u>	<u>Percentage Funded (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((a-b)/c)</u>
7/1/07	\$ 2,615,341	\$ 3,991,909	\$ (1,376,568)	69.0%	\$ 1,933,752	69.0%
7/1/08	2,982,734	4,377,785	(1,395,051)	68.1	2,147,266	65.0
7/1/09	3,140,941	4,795,521	(1,654,580)	65.5	2,133,017	77.6
7/1/10	3,417,014	5,023,710	(1,606,696)	68.0	2,152,690	74.6
7/1/11	3,683,914	5,312,837	(1,628,923)	69.3	2,292,629	71.1
7/1/12	3,828,021	5,540,420	(1,712,399)	69.1	2,280,767	75.1

Financial Information for the Separate Plans

Statement of Net Position

	Employee Retirement Funds		
	Police Pension Fund	Board of Education Noncertified Personnel Pension Fund	Total
Assets:			
Cash and cash equivalents	\$ 133,933	\$	\$ 133,933
Investments - mutual funds	8,163,012	4,708,490	12,871,502
Investments - bonds	2,640,394		2,640,394
Due from other funds	6,599		6,599
Total assets	<u>10,943,938</u>	<u>4,708,490</u>	<u>15,652,428</u>
Net Assets	<u>\$ 10,943,938</u>	<u>\$ 4,708,490</u>	<u>\$ 15,652,428</u>
	Employee Retirement Funds		
	Police Pension Fund	Board of Education Noncertified Personnel Pension Fund	Total
Additions:			
Contributions:			
Employer	\$ 969,323	\$ 320,033	\$ 1,289,356
Plan members	99,909	25,247	125,156
Total contributions	1,069,232	345,280	1,414,512
Investment income:			
Net appreciation in fair value of investments	<u>1,656,511</u>	<u>326,477</u>	<u>1,982,988</u>
Total additions	<u>2,725,743</u>	<u>671,757</u>	<u>3,397,500</u>
Deductions:			
Benefits, annuities and lump-sum distributions	982,131	112,021	1,094,152
Administrative and other expenses	<u>122,889</u>	<u>26,488</u>	<u>149,377</u>
Total deductions	<u>1,105,020</u>	<u>138,509</u>	<u>1,243,529</u>
Net increase	1,620,723	533,248	2,153,971
Net position at July 1, 2013	<u>9,323,215</u>	<u>4,175,242</u>	<u>13,498,457</u>
Net Position at June 30, 2014	<u>\$ 10,943,938</u>	<u>\$ 4,708,490</u>	<u>\$ 15,652,428</u>

D. Municipal Employees' Retirement System

Full-time Town employees participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer PERS established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

Funding Policy - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The current rate of contribution for the Town is 11.98% of covered payroll. The Town's contributions to MERF for the years ended June 30, 2014, 2013 and 2012 were \$396,915, \$350,237, \$267,632, respectively, equal to the required contributions for each year.

E. Teachers' Retirement System

All Town certified teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Town withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$15,223,352 or 81.37% of the total Board of Education payroll of \$18,708,675.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2014, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$3,773,970 as payments made by the State of Connecticut on behalf of the Town.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

9. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The Town, in accordance with various collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees and their spouses. The Post-Retirement Medical Program (RMP) is a single-employer defined benefit plan and covers Town and Board of Education employees. Eligible retirees and their spouses can receive medical and life insurance in accordance with the plan documents. The percentage contribution and eligibility of the employees and retirees for these benefits vary and are detailed within the Town's various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

Plan membership per their latest actuarial valuation consisted of the following:

	Board of Education	Town
Retired participants and spouses	34	40
Active plan members	283	75
Total Participants	317	115
Valuation Date	7/1/13	7/1/12

B. Funding Policy

The Town's funding and payment of postemployment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

The Town's funding strategy for postemployment obligations is based upon characteristics of benefits on two distinct groups of employees established within their respective collective bargaining units and/or contracts and includes the following:

- Clinton Board of Education Retirees are required to pay 100% of the health premium for self and spouse, less the \$1,320 annual Connecticut Teachers Retirement Board subsidy, for those who retire from the school system and meet the following criteria by bargaining group:
 - o Teachers and Administrators are eligible at the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age for normal retirement and earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service under early retirement.
 - o BOE Non-Certified employees are eligible for retirement at age 65 with 10 years of service. Early retirement is age 55 with 10 years of service.

- The Town funds 100% of the cost of life insurance and medical insurance for Town Employees who retire and meet the following criteria by bargaining group:
 - o Administrative employees at the Town are eligible to receive life insurance at age 55 with 10 years of service and medical insurance only if they retire after age 65 with 10 years of service. Administrators' life insurance is \$10,000.
 - o Police employees age 55 with 10 years of continuous service or age 55 and 15 years of noncontinuous service or 25 years of service have access to a Major Medical plan until age 62 at no cost to the retiree.
 - o All other Town employees are eligible to receive life insurance at age 55 and 10 years of service and medical insurance only if they retire after age 65 with 10 years of service. Eligible life insurance for these individuals is \$5,000.
 - o Only two existing retirees have spouse coverage, and no future retirees are eligible for spouse coverage.

C. Annual OPEB Cost and Net OPEB Obligations

The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

	<u>Board of Education</u>	<u>Town</u>	<u>Total</u>
Annual required contribution (ARC)	\$ 577,000	\$ 177,600	\$ 754,600
Interest on net OPEB obligation	59,074	10,300	69,374
Adjustment to annual required contribution	<u>(59,074)</u>	<u>(14,300)</u>	<u>(73,374)</u>
Annual OPEB cost	577,000	173,600	750,600
Contributions made	<u>235,000</u>	<u>70,200</u>	<u>305,200</u>
Increase in net OPEB obligation	342,000	103,400	445,400
Net OPEB obligation at beginning of year	<u>1,476,838</u>	<u>256,700</u>	<u>1,733,538</u>
Net OPEB Obligation at End of Year	<u>\$ 1,818,838</u>	<u>\$ 360,100</u>	<u>\$ 2,178,938</u>

The Town and Board of Education's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30 is presented below. The year of transition was June 30, 2009.

Board of Education:

<u>Fiscal Year Ending</u>		<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/12	\$	623,437	\$ 323,000	51.81	\$ 1,153,129
6/30/13		543,709	220,000	40.62	1,476,838
6/30/14		577,000	235,000	40.73	1,818,838

Town:

<u>Fiscal Year Ending</u>		<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/12	\$	169,900	\$ 98,500	58.00	\$ 184,900
6/30/13		170,500	98,700	57.89	256,700
6/30/14		173,600	70,200	40.44	360,100

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Schedule of Funding Progress - Board of Education

<u>Actuarial Valuation Date</u>		<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/09	\$	9,535,000	\$ 9,535,000	0%	\$ N/A	N/A
7/01/11		8,125,000	8,125,000	0	2,152,687	377%
7/01/13		8,150,872	8,150,872	0	2,280,768	357%

Schedule of Funding Progress - Town

<u>Actuarial Valuation Date</u>		<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2008	\$	1,880,100	\$ 1,880,100	0%	\$ 4,276,800	44%
7/1/2010		2,249,400	2,249,400	0	4,743,900	47
7/1/2012		2,267,600	2,267,600	0	5,138,900	44

Schedule of Employer Contributions - Board of Education

<u>Year Ended</u>		<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/12	\$	621,000	\$ 323,000	52.01
6/30/13		542,000	220,000	40.59
6/30/14		577,000	235,000	40.73

Schedule of Employer Contributions - Town

<u>Year Ended</u>		<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/12		171,700	98,500	57.00
6/30/13		173,400	98,700	57.00
6/30/14		177,600	70,200	39.53

In the July 1, 2013 actuarial valuation for the Board of Education, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized on a level percent basis with a remaining amortization period at June 30, 2014 of 26 years.

In the July 1, 2012 actuarial valuation for the Town employees, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The actuarial value of assets was determined using the open group method. The UAAL is being amortized each year over a constant 30-year period, as a level dollar amount.

10. BOND ANTICIPATION NOTES

On February 10, 2014, the Town retired \$5,000,000 in general obligation bonds anticipation notes with a maturity date of February 11, 2014 and an interest rate of 1.25% and reissued \$17,000,000 in general obligation bond anticipation notes with a maturity date of February 11, 2015 with an interest rate of 1.00% to provide temporary funding for the land acquisition for the New Morgan High School.

11. FUND BALANCE COMPONENTS

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 21,867	\$ 21,867
Restricted for:				
General government			13,291	13,291
Education			326,037	326,037
Public safety			53,261	53,261
Public works			35,811	35,811
Health and welfare			57,581	57,581
Culture and recreation			29,961	29,961
Capital projects		768,646		768,646
Committed to:				
Landfill closure	350,000			350,000
Health and welfare			10,112	10,112
Culture and recreation			143,968	143,968
Education			97,002	97,002
Assigned to:				
Subsequent year's budget	150,000			150,000
General government	6,935			6,935
Public safety	298			298
Education	206,389			206,389
Unassigned	<u>7,012,593</u>		<u>(7,811)</u>	<u>7,004,782</u>
Total Fund Balances	\$ <u><u>7,726,215</u></u>	\$ <u><u>768,646</u></u>	\$ <u><u>781,080</u></u>	\$ <u><u>9,275,941</u></u>

Significant encumbrances at June 30, 2014 of \$272,383 are contained in the above table in the assigned categories of the General Fund.

12. RISK MANAGEMENT

The Town' is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for employee dental claims (Dental Benefits Fund) and heart/hypertension benefits paid to public safety employees provided by the State of Connecticut Workers' Compensation Act, Section 7-433c. The amount of claim settlements has not exceeded insurance coverage for each of the past three years. There were no significant reductions in insurance coverage from the prior year in any major category of risk.

The Dental Benefits Fund and the Police Heart and Hypertension Fund are both reported as internal service funds. Contributions to these funds are made by the Town based upon estimates made using historical data. The Town's self-insurance dental benefit plan is administered by Anthem Blue Cross/Blue Shield of Connecticut however in September the Town switched its

insurance carrier to a premium based plan and therefore no claim liability exists for the Dental Benefits plan at June 30, 2014. As of June 30, 2014, a claim liability of \$55,000 has been recorded in the Police Heart and Hypertension Fund, respectively, to reflect estimated claims incurred but not reported. Changes in the balances of claims liabilities during the fiscal year is as follows:

	Dental Benefits Fund		Police Heart and Hypertension Fund	
	2014	2013	2014	2013
Unpaid claims, beginning of year	\$ 27,757	\$ 33,524	\$ 68,200	\$ 81,400
Incurred claims (including IBNR)	200,084	864,918		
Claim payments	<u>(227,841)</u>	<u>(870,685)</u>	<u>(13,200)</u>	<u>(13,200)</u>
Unpaid Claims, End of Year	<u>\$ -</u>	<u>\$ 27,757</u>	<u>\$ 55,000</u>	<u>\$ 68,200</u>

13. LANDFILL CLOSURE

The Town is in the process of closing its municipal landfill in accordance with the requirements of the State of Connecticut Department of Environmental Protection and the Federal Environmental Protection Agency. The revised estimated cost to complete the project as of June 30, 2014 is \$5,229,137. This estimate includes monitoring costs in accordance with the Federal and State requirements. An appropriation of \$350,000 has been established within the General Fund to partially fund the closure. The balance will be funded through appropriations in the annual General Fund operating budget. The actual cost for the closure may be increased due to inflation, changes in technology or changes in laws and regulations. Since none of these costs are expected to be paid from currently available resources, the liability for the postclosure period is recorded in the statement of net position.

14. CONTINGENT LIABILITIES

The Town is currently a defendant in a number of lawsuits. It is the opinion of Town officials and legal counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgement against the Town that would materially adversely affect its financial position.

TOWN OF CLINTON, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Property taxes:				
Current taxes	\$ 37,432,945	\$ 37,516,678	\$ 37,557,468	\$ 40,790
Prior year's levies	190,000	190,000	159,705	(30,295)
Tax interest/liens/fees	150,000	150,000	155,982	5,982
Supplemental motor vehicle	200,000	200,000	249,903	49,903
Total property taxes	<u>37,972,945</u>	<u>38,056,678</u>	<u>38,123,058</u>	<u>66,380</u>
Intergovernmental revenues:				
General Government:				
State of Connecticut and				
Federal Government:				
Town aid road	270,027	270,027	270,252	225
Mashantucket Pequot			36,791	36,791
Totally disabled persons	700	700	1,098	398
Property tax relief veterans	15,000	15,000	17,051	2,051
Miscellaneous	100	100	93,236	93,136
Local capital improvement	124,957	124,957	84,895	(40,062)
Equipment credit	181,979	181,979	180,269	(1,710)
State property grant			33,632	33,632
Tax relief	100,000	100,000	121,860	21,860
Storm reimbursement			136,000	136,000
Total general government	<u>692,763</u>	<u>692,763</u>	<u>975,084</u>	<u>282,321</u>
Education:				
State of Connecticut and				
Federal Government:				
Education cost sharing	6,544,423	6,544,423	6,560,249	15,826
Special education	380,943	380,943	448,681	67,738
Total education	<u>6,925,366</u>	<u>6,925,366</u>	<u>7,008,930</u>	<u>83,564</u>
Total intergovernmental revenue	<u>7,618,129</u>	<u>7,618,129</u>	<u>7,984,014</u>	<u>365,885</u>

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TOWN OF CLINTON, CONNECTICUT

GENERAL FUND

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Charges for services:				
General Government:				
Telephone access lines	\$ 36,000	\$ 36,000	\$ 29,258	\$ (6,742)
W.S.A.M. trust	36,000	36,000	45,849	9,849
W.S.A.M. rental	4,500	4,500	5,430	930
Boat Moorings/launch pass	90,000	90,000	113,012	23,012
Z.B.A.	3,000	3,000	3,144	144
Planning and zoning	13,000	13,000	95,499	82,499
Park and recreation passes	15,000	15,000	17,725	2,725
Real estate conveyance tax	120,000	120,000	131,447	11,447
Building fees	115,000	115,000	123,584	8,584
Town property rentals	10,000	10,000	11,373	1,373
Transfer station	60,000	60,000	74,276	14,276
Dog license fees	200	200	321	121
Inland/wetland fees	1,100	1,100	1,002	(98)
Police miscellaneous	7,000	7,000	11,078	4,078
Town Clerk fees	85,000	85,000	80,370	(4,630)
Vitals	9,000	9,000	11,867	2,867
Contracted police services	20,000	20,000	40,935	20,935
Sale of fixed assets			400	400
Refund workers' compensation			192,693	192,693
Scrap metal fees	15,000	15,000	19,584	4,584
Total charges for services	<u>639,800</u>	<u>639,800</u>	<u>1,008,847</u>	<u>369,047</u>
Other revenues:				
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>320,126</u>	<u>310,126</u>
Income on investments:				
Investment income	<u>80,000</u>	<u>80,000</u>	<u>29,766</u>	<u>(50,234)</u>
Total revenues	<u>46,320,874</u>	<u>46,404,607</u>	<u>47,465,811</u>	<u>1,061,204</u>

(Continued on next page)

TOWN OF CLINTON, CONNECTICUT

GENERAL FUND

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Total Revenues and Other Financing Sources	\$ <u>46,320,874</u>	\$ <u>46,404,607</u>	\$ 47,465,811	\$ <u>1,061,204</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut "on-behalf" contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			3,773,970	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.			<u>(142,461)</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)			\$ <u>51,097,320</u>	

TOWN OF CLINTON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government:				
First Selectman	\$ 156,419	\$ 156,419	\$ 156,419	\$ -
Finance	174,184	178,553	178,553	-
Elections and Meetings	30,684	26,637	26,637	-
Town Clerk	160,805	172,251	172,251	-
Assessor	139,430	159,105	159,105	-
Tax Collector	154,384	137,933	137,933	-
Probate	4,524	4,524	4,524	-
WSAM Maintenance	167,458	169,476	169,476	-
Technology	182,277	172,300	172,300	-
Social Security	415,000	437,516	437,516	-
Health/Life Insurance	1,335,000	1,271,407	1,271,407	-
Pension Plan Highway	97,000	99,339	99,339	-
Pension Plan Police	900,000	969,323	969,323	-
Pension Plan Other	288,000	297,576	297,576	-
Worker's Compensation Insurance	300,910	291,074	291,074	-
Employee Insurance	1,420	1,036	1,036	-
Secretarial for Boards/Commissions	11,500	8,995	8,995	-
Unemployment Compensation	1,000	3,025	3,025	-
Travel Expense	15,000	17,662	17,662	-
Heat/Hot Water	110,000	107,770	107,770	-
Electricity	210,000	197,709	197,709	-
Telephone	99,000	113,011	113,011	-
Legal Ads	25,000	37,198	37,198	-
Town Counsel	57,000	83,337	83,337	-
Other Legal Fees	40,000	53,233	53,233	-
Union Negotiator	50,000	32,692	32,692	-
Insurance	274,910	278,611	278,611	-
Audit and Accounting	40,000	49,200	49,200	-
Annual Town Report	7,500	7,500	7,500	-
Copy Equipment	11,000	19,224	19,224	-
Land Records Index Audit	2,000	1,235	1,235	-
Holiday Activities	500	328	328	-
Board of Assessment Appeal	600	345	345	-

(Continued on next page)

TOWN OF CLINTON, CONNECTICUT

GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government (continued):				
Special Events	\$ 12,000	\$ 14,828	\$ 14,828	\$ -
Town Building Emergencies	15,000	15,770	15,770	-
Miscellaneous Administrative	8,500	9,392	9,392	-
Other Services	234,339	138,188	138,188	-
Total general government	<u>5,732,344</u>	<u>5,733,722</u>	<u>5,733,722</u>	<u>-</u>
Public Safety:				
Fire Department	326,000	322,453	322,453	-
Fire Marshal	43,500	41,372	41,372	-
Communication	554,499	539,315	539,315	-
Police	2,530,845	2,695,554	2,695,554	-
Animal Control	65,221	63,102	63,102	-
Civil Preparedness	4,600	4,500	4,500	-
Water and Hydrants	365,000	378,435	378,435	-
Street Lighting	117,000	98,985	98,985	-
Total public safety	<u>4,006,665</u>	<u>4,143,716</u>	<u>4,143,716</u>	<u>-</u>
Public Works	<u>1,607,992</u>	<u>1,649,711</u>	<u>1,649,711</u>	<u>-</u>
Planning and Development:				
Economic Development	7,400	4,955	4,955	-
Inland/Wetland	66,878	73,021	73,021	-
Planning and Zoning	69,828	132,129	132,129	-
Zoning Board of Appeals	2,800	1,747	1,747	-
Building Department	116,509	114,978	114,978	-
Total planning and development	<u>263,415</u>	<u>326,830</u>	<u>326,830</u>	<u>-</u>
Health and Welfare:				
Water Pollution Control	53,250	53,097	53,097	-
Youth Family	241,235	232,118	232,118	-
Health Department	166,125	166,125	166,125	-
Total health and welfare	<u>460,610</u>	<u>451,340</u>	<u>451,340</u>	<u>-</u>
Library	<u>740,104</u>	<u>735,104</u>	<u>735,104</u>	<u>-</u>

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TOWN OF CLINTON, CONNECTICUT

GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Parks and Recreation:				
Parks and Recreation Department	\$ 259,624	\$ 242,026	\$ 242,026	\$ -
Harbor Commission	39,250	40,624	40,624	-
Shellfish Commission	3,000	2,638	2,638	-
Total parks and recreation	<u>301,874</u>	<u>285,288</u>	<u>285,288</u>	<u>-</u>
Debt Service	<u>2,049,219</u>	<u>2,049,219</u>	<u>2,049,219</u>	<u>-</u>
Education	<u>30,427,031</u>	<u>30,427,031</u>	<u>30,383,086</u>	<u>43,945</u>
Total Expenditures	<u>45,589,254</u>	<u>45,801,961</u>	<u>45,758,016</u>	<u>43,945</u>
Other Financing Uses:				
Transfer to Cafeteria Fund	46,620	46,620	46,620	-
Transfer to Adult Education Fund	70,000	70,000	70,000	-
Transfer to Capital Projects	815,000	1,798,000	1,798,000	-
Total other financing uses	<u>931,620</u>	<u>1,914,620</u>	<u>1,914,620</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 46,520,874</u>	<u>47,716,581</u>	47,672,636	<u>\$ 43,945</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut "on-behalf" payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			3,773,970	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, in the year received for financial reporting purposes.			<u>(84,320)</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)			<u>\$ 51,362,286</u>	

TOWN OF CLINTON, CONNECTICUT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST FISCAL YEAR

	Police Pension Plan 2014	Board of Education Noncertified Personnel Plan 2014
Total pension liability:		
Service cost	\$ 175,184	\$ 203,970
Interest	1,339,105	420,324
Benefit payments, including refunds of member contributions	(982,131)	(112,021)
Net change in total pension liability	532,158	512,273
Total pension liability - beginning	17,257,247	5,855,673
Total pension liability - ending	17,789,405	6,367,946
Plan fiduciary net position:		
Contributions - employer	969,323	320,033
Contributions - member	99,909	25,247
Net investment income	1,656,511	326,477
Benefit payments, including refunds of member contributions	(982,131)	(112,021)
Administrative expense	(122,889)	(26,488)
Net change in plan fiduciary net position	1,620,723	533,248
Plan fiduciary net position - beginning	9,323,215	4,175,242
Plan fiduciary net position - ending	10,943,938	4,708,490
Net Pension Liability - Ending	\$ 6,845,467	\$ 1,659,456
Plan fiduciary net position as a percentage of the total pension	61.52%	73.94%
Covered-employee payroll	\$ 2,062,000	\$ 2,540,000
Net pension liability as a percentage of covered-employee	331.98%	65.33%

TOWN OF CLINTON, CONNECTICUT

SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially determined contribution	\$ 432,851	\$ 439,851	\$ 464,467	\$ 459,017	\$ 516,402	\$ 561,524	\$ 681,644	\$ 700,749	\$ 836,845	\$ 969,323
Contributions in relation to the actuarially determined contribution	298,667	571,806	441,244	459,017	459,598	561,524	681,644	700,749	836,845	969,323
Contribution Deficiency (Excess)	\$ 134,184	\$ (131,955)	\$ 23,223	\$ -	\$ 56,804	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,622,863	\$ 1,618,553	\$ 1,710,989	\$ 1,832,707	\$ 1,843,169	\$ 2,028,254	\$ 1,807,100	\$ 1,868,000	\$ 1,973,000	\$ 2,062,000
Contributions as a percentage of covered-employee payroll	18.40%	35.33%	25.79%	25.05%	24.94%	27.69%	37.72%	37.51%	42.41%	47.01%

Notes to Schedule

Valuation date: July 1, 2013

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of June 30, two years 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, open
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	4.5%, average, including inflation
Investment rate of return	7.9%, net of pension plan investment expense, including inflation
Retirement age	The later of the attainment of age 50 or the completion of 25 years of service, but no later than age 65

Mortality In the 2013 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 Healthy Annuitant

TOWN OF CLINTON, CONNECTICUT

SCHEDULE OF EMPLOYER CONTRIBUTIONS - BOARD OF EDUCATION NON-CERTIFIED PERSONNEL PLAN

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially determined contribution	\$ 289,657	\$ 289,551	\$ 289,551	\$ 277,579	\$ 260,878	\$ 272,725	\$ 299,083	\$ 295,024	\$ 305,861	\$ 320,033
Contributions in relation to the actuarially determined contribution	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	305,861	320,033
Contribution Deficiency (Excess)	\$ (10,343)	\$ (10,449)	\$ (10,449)	\$ (22,421)	\$ (39,122)	\$ (27,275)	\$ (917)	\$ (4,976)	\$ -	\$ -
Covered-employee payroll	\$ 1,577,700	\$ 1,790,085	\$ 1,790,085	\$ 1,927,805	\$ 1,993,752	\$ 2,147,266	\$ 2,133,017	\$ 2,152,690	\$ 2,292,629	\$ 2,539,661
Contributions as a percentage of covered-employee payroll	19.02%	16.76%	16.76%	15.56%	15.05%	13.97%	14.06%	13.94%	13.34%	12.60%

Notes to Schedule

Valuation date: July 1, 2012

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of June 30, two years 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 normal
Amortization method	Level percent
Remaining amortization period	16 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	4.0%, average, including inflation
Investment rate of return	7.00%, predetermination, 6.00% postdetermination
Retirement age	65

Mortality In the 2013 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 Healthy Annuitant

TOWN OF CLINTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FISCAL YEAR

	<u>2014</u>
Police Pension Plan:	
Annual money-weighted rate of return, net of investment expense	15.72%
Board of Education Non-Certified Personnel Plan:	
Annual money-weighted rate of return, net of investment expense	6.75%

APPENDIX B-1 – OPINION OF BOND COUNSEL – THE BONDS

February __, 2015

Town of Clinton, Connecticut
54 East Main Street
Clinton, Connecticut 06413

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Clinton, Connecticut (the “Town”) in connection with the issuance by the Town of its \$5,000,000 General Obligation Bonds, Issue of 2015, dated February 10, 2015 (the “Bonds”). In such capacity, we have examined records of proceedings of the Town authorizing the Bonds, a Tax Compliance Agreement of the Town dated February __, 2015 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank National Association, the Bonds will be valid and legally binding general obligation bonds of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excludable from gross income. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

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

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing the federal alternative minimum tax. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

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

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated January __, 2015 and other offering material relating to the Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Bonds, including the adoption of Federal tax legislation, may affect the tax status of the Bonds.

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

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX B-2 – OPINION OF BOND COUNSEL – THE NOTES

February __, 2015

Town of Clinton, Connecticut
54 East Main Street
Clinton, Connecticut 06413

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Clinton, Connecticut (the “Town”) in connection with the issuance by the Town of its \$26,000,000 General Obligation Bond Anticipation Notes, dated February 10, 2015 (the “Notes”). In such capacity, we have examined records of proceedings of the Town authorizing the Notes, a Tax Compliance Agreement of the Town dated February __, 2015 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Notes are duly certified by U.S. Bank National Association, the Notes will be valid and legally binding general obligation notes of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excludable from gross income. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

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

In our opinion, under existing statutes and court decisions, (i) interest on the Notes is excludable from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing the federal alternative minimum tax. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

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

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated January __, 2015 and other offering material relating to the Notes.

We have not undertaken to advise whether any events after the date of issuance of the Notes, including the adoption of Federal tax legislation, may affect the tax status of the Notes.

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

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT – THE BONDS

CONTINUING DISCLOSURE AGREEMENT

In Connection With The Issuance and Sale of \$5,000,000 General Obligation Bonds, Issue of 2015

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of February 10, 2015, by the Town of Clinton, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$5,000,000 General Obligation Bonds, Issue of 2015, dated February 10, 2015 (the “Bonds”).

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

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Continuing Disclosure Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated January __, 2015, prepared in connection with the issuance of the Bonds.

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

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

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

“Rule” means rule 15c2-12 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 Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer (commencing with the information and data for the fiscal year ending June 30, 2015):

(i) Audited financial statements of the Issuer as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer is required to prepare audited financial statements of its various funds and accounts.

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

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

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

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

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

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

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

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

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

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

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

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

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service or 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 events affecting the tax status of the security;

(vi) tender offers;

- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii) Bond defeasances; and
- (ix) rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bond holders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.

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

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

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

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is Town of Clinton, 54 East Main Street, Clinton, CT 06413, Attn: First Selectman. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

Section 11. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 12. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

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

TOWN OF CLINTON, CONNECTICUT

By: _____
William W. Fritz, Jr.
First Selectman

APPENDIX D - FORM OF CONTINUING DISCLOSURE AGREEMENT – THE NOTES

CONTINUING DISCLOSURE AGREEMENT

In Connection With The Issuance and Sale of \$26,000,000 General Obligation Bond Anticipation Notes, dated February 10, 2015

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of February 10, 2015, by the Town of Clinton, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$26,000,000 General Obligation Bond Anticipation Notes dated February 10, 2015 (the “Notes”).

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

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 13 hereof.

“Final Official Statement” means the official statement of the Issuer dated January __, 2015, prepared in connection with the issuance of the Notes.

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

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

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

“Rule” means rule 15c2-12 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. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event:

- (i)** principal and interest payment delinquencies;
- (ii)** unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii)** unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv)** substitution of credit or liquidity providers, or their failure to perform;
- (v)** adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other events affecting the tax status of the security;
- (vi)** tender offers;
- (vii)** bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;
- (viii)** Bond defeasances; and
- (ix)** rating changes.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bond holders;
- (iii) Bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Notes;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee.

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

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

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

Section 6. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 7. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is Town of Clinton, 54 East Main Street, Clinton, CT 06413, ATTN: First Selectman. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

Section 8. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 9. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

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

TOWN OF CLINTON, CONNECTICUT

By: _____
William W. Fritz, Jr.
First Selectman

APPENDIX E – NOTICE OF SALE – THE BONDS

NOTICE OF SALE TOWN OF CLINTON, CONNECTICUT

\$5,000,000 General Obligation Bonds

Issue of 2015

dated Date of Delivery

(the “Bonds”)

ELECTRONIC BIDS VIA PARITY® will be received by the TOWN OF CLINTON, CONNECTICUT, (the “Town”) at the office of the First Selectman, Town Hall, 54 East Main Street, Clinton, Connecticut 06413, until **11:30 A.M.** (E.S.T.) on **Wednesday,**

January 28, 2015

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

\$5,000,000 General Obligation Bonds

Issue of 2015

dated Date of Delivery

The Bonds are payable annually on February 1, in the principal amounts and years as set forth below:

<u>Amount</u>	<u>Due</u>
\$275,000	2018 - 2033
\$300,000	2034 - 2035

Interest on the Bonds will be payable on August 1, 2015 and semiannually thereafter on the 1st day of February and August in each year until maturity. 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 delivered to The Depository Trust Company, New York, New York (“DTC”), 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 the principal amount of \$5,000 or integral multiples 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 to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of 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 to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. 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 Bond certificates directly to the beneficial owners of the Bonds or their nominees. The record dates for the Bonds will be the fifteenth day of January and July (or the preceding business day if such day is not a business day.) The Bonds will be certified by the Registrar, Transfer Agent and Paying Agent which shall be U.S. Bank National Association, Hartford, Connecticut.

The Bonds maturing on or before February 1, 2021 are not subject to redemption prior to maturity. The Bonds maturing on February 1, 2022 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after February 1, 2021, 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 as follows, plus interest accrued and unpaid to the redemption date:

Period During Which Redeemed

Redemption Price

February 1, 2021 and thereafter

100%

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 shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall NOT specify (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three (3) percentage points. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. 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, if any. No bid for less than par and accrued interest will be considered.

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the Town. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to February 10, 2015, the dated date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the Town will determine by lot which of such bidders will be awarded the Bonds. The purchase price must be paid in federal funds.

Electronic bids for the purchase of the Bonds may be submitted through the facilities of **PARITY**[®] until 11:30 A.M. (E.S.T.) on Wednesday, January 28, 2015. 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) 404-8102 - 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 of Sale, and shall be binding upon the bidder. 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 of Sale. **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 **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. 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 nor **PARITY**[®] shall be responsible for a bidder's failure to make a bid or for 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 of Sale 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 such costs or expenses. If a 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) 404-8102. If any provision of this Notice of Sale shall conflict with information provided by **PARITY**[®], this Notice of Sale shall control.

The Bonds will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes. Under existing statutes the State of Connecticut is obligated to pay to 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.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement. The winning bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them. A signed copy of the Official Statement prepared for this Bond issue will also be furnished together with a certificate of the Town relating to the accuracy and completeness of the Official Statement.

The opinion of Bond Counsel will provide: (i) that the Bonds will be valid general obligations of the Town when duly certified; (ii) that, assuming the accuracy of and continued compliance by the Town with its representations and covenants contained in a certain Tax Compliance Agreement (the "Agreement") relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and other certifications received from the Town, as to which bond counsel has made no independent verification, under existing law interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to the Code and although interest on the Bonds is not treated as a preference item for purposes of calculating the federal alternative minimum tax, in the case of certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing the federal alternative minimum tax and, (iii) that interest on the Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and is excludable 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. In rendering the legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Agreement entered into by the Town for the benefit of the owners of the Bonds and further, will assume continuing compliance by the Town with the covenants and procedures set forth in the Agreement. Copies of the opinion will be printed upon each of the Bonds.

The Town has prepared a Preliminary Official Statement dated January 16, 2015 for the Bonds, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. Bidders must acknowledge in their respective bids that they have received and reviewed such Preliminary Official Statement. The Town will make available to the winning purchaser 100 copies of the Official Statement, to be dated January 28, 2015, as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Independent Bond and Investment Consultants, LLC, by the fifth business day after the day bids on the Bonds are received. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriting, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events and (iii) timely notice of a failure by the Town to provide the required annual financial information. 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 Bonds will not be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

It shall be the responsibility of the purchaser to furnish to Pullman & Comley, LLC, Hartford, Connecticut, in writing before delivery of the Bonds the reoffering prices at which a substantial portion of the bonds of each maturity initially was sold. The completed certificate should be delivered to Marie V. Phelan, Esq. Pullman & Comley, LLC, 90 State House Square, Hartford, Connecticut 06103, (860) 424-4337.

The Bonds will be delivered to U.S. Bank National Association as agent for DTC in New York, New York on or about February 10, 2015 against payment in immediately available federal funds. 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 winning purchaser to obtain CUSIP numbers for the Bonds prior to delivery and the Town will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning purchaser to obtain such numbers and to supply them to the Town in a timely manner.

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.

For more information regarding this issue and the Town, reference is made to the Preliminary Official Statement dated January 16, 2015. Copies of the Preliminary Official Statement may be obtained from William W. Fritz, Jr., First Selectman, Town of Clinton, 54 East Main Street, Clinton, CT 06413, or from Mr. Mark Chapman, Independent Bond and Investment Consultants LLC, (203) 245-8715.

William W. Fritz, Jr.
First Selectman

Todd Pozefsky
Treasurer

January 16, 2015

APPENDIX F – NOTICE OF SALE AND BID FORM – THE NOTES

NOTICE OF SALE TOWN OF CLINTON, CONNECTICUT

\$26,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES

Dated February 10, 2015: Due February 9, 2016

SEALED BIDS and ELECTRONIC BIDS VIA *PARITY*[®] will be received by the **TOWN OF CLINTON**, Connecticut (the “Town” or the “Issuer”), at the office of the First Selectman, Town Hall, 54 East Main Street, Clinton, Connecticut 06413, (860) 669-9333 and (860) 664-1111 until **11:00 a.m. (EST), Wednesday**

January 28, 2015

for the purchase of the above-captioned **TOWN OF CLINTON General Obligation Bond Anticipation Notes** (the “Notes”).

The Notes will be dated February 10, 2015 and will be payable to the registered owners at maturity on February 9, 2016. The Notes will bear interest (computed on a 360-day year, 30-day per month basis) payable at maturity at the rate or rates per annum fixed in the proposal accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the purchasers. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for the Depository Trust Company (DTC), New York, New York. DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry only form, in the denomination of \$5000 or any integral multiples 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 successful bidder or bidders, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent in federal funds to DTC or its nominee as registered owner of the Notes. Principal and interest payments 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 to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Except for proposals submitted electronically via *PARITY*[®] as described below, proposals for the purchase of the Notes shall be in the form of the proposal for purchase furnished herewith. A proposal may be for all or any part of the Notes, but any proposal for a part must be for at least \$100,000 of principal amount or integral multiples of \$5000 in excess thereof. A separate proposal will be required for each part of the Notes for which a separate stated interest rate is bid. The Notes will be awarded on the basis of the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom any premium offered. As between proposals resulting in the same lowest net interest cost, the award will be made on the basis of the highest principal amount of the Notes specified. As between proposals resulting in the same lowest net interest cost for the same principal amount of the Notes, the Town will determine the award of the Notes by lot. No bid to purchase any portion of the Notes for less than the par amount of such portion and accrued interest, if any, will be considered and the Town reserves the right to award to any bidder(s) all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the net interest cost shall be the same as in the bidder’s proposal with respect to the amount bid, carried to four places. The purchase price must be paid in federal funds.

SEALED BIDS for the Notes will be received by telephone by Independent Bond & Investment Consultants ("IBIC"), the Town's financial advisor at the office of the First Selectman as noted above, at (860) 669-9333 or (860) 664-1111. IBIC will act as agent for the bidder. Bidders shall recognize that a bid by telephone means that the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound by such and, further, such bidder recognizes and accepts the risk that its telephone bid may not be received by the Town or may be received later than the time specified as the result of a failure in communications including, but not limited to, a failure in telephonic communications, or the inability to reach the Town by the time required. A bid received after the time specified, as determined in the Town's sole discretion, will not be reviewed or honored by the Town. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any such proposal. All sealed bid proposals must be enclosed in sealed envelopes and addressed to the Town of Clinton, and marked on the outside, in substance, "Proposal for 2015 Clinton Notes."

ELECTRONIC BIDS for the purchase of the Notes must be submitted electronically via **PARITY**[®], in accordance with this Notice of Sale, until 11:00 A.M. E.S.T. on January 28, 2015, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in **PARITY**[®] shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. 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, or by telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. The Issuer 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 Issuer, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed and sealed bid delivered to the Issuer. By submitting a bid for the Notes via **PARITY**[®], the bidder represents and warrants to the Issuer that such bidder's bid for the purchase of the Notes 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 Issuer will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The Issuer 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 **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Issuer 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 Issuer nor **PARITY**[®] shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Issuer is using **PARITY**[®] as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Notes. The Issuer is not bound by any advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice of Sale 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 Issuer is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY**[®] at (212) 849-5021.

For the purpose of the sealed proposal process and the electronic bidding process, the time maintained on **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Issuer, represented by the rate or rates of interest and the bid price specified in their respective bids. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and the interest on the Notes. The Notes will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land, taxable at a limited rate and dwelling houses of qualified elderly persons of low income and qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. The Notes will be certified by U.S. Bank National Association, Hartford, Connecticut and the opinion of Pullman & Comley, LLC, Bond Counsel, approving the legality of the Notes and setting forth that they are valid general obligations of the Town will be furnished the winning bidders without charge. Each winning bidder will also receive a Signature and No Litigation Certificate dated as of the date of delivery of the Notes, stating that there is no litigation pending, or to the knowledge of the signers thereof, affecting the validity of the Notes or the power of the Town to buy and collect taxes to pay them, and a receipt of payment.

The legal opinion will state further that, under existing statutes and court decisions (i) interest on the Notes is excludable from gross income of the owners thereof for federal income taxation, (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest may be taken into account in computing the federal alternative minimum tax and (iii) under existing statutes, the interest on the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. Bond Counsel will express no opinion regarding other federal or state income tax consequences caused by ownership of, or disposition of the Notes. In rendering its legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of reasonable expectation and certifications of fact contained in the Tax Compliance Agreement entered into by the Town for the benefit of the owners of the Notes and will assume continuing compliance by the Town with the covenants set forth in such Agreement.

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

The Town has prepared a Preliminary Official Statement dated January 16, 2015 for the Notes, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. Bidders must acknowledge in their respective bids that they have received and reviewed such Preliminary Official Statement. The Town will make available to the winning purchaser 15 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, IBIC, by the fifth business day after the day bids on the Notes are received. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriting, the name of the insurer, if any, on the Notes and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix D to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, notice of the occurrence of certain events within 10 business days of the occurrence of such event with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement.

Simultaneously with or before delivery of the Notes and the receipt of the above-referenced documents, the purchaser shall furnish to the Town a certificate acceptable to Bond Counsel for the Town to the effect that the purchaser has either purchased the Notes 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 has made a bona fide public offering of the Notes 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 the Notes 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. The completed certificate should be delivered to Marie V. Phelan, Esq. Pullman & Comley, LLC, 90 State House Square, Hartford, Connecticut 06103, (860) 424-4337.

It is anticipated that the Notes will be ready for delivery to DTC in New York City on or about February 10, 2015. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder(s) to obtain at its cost CUSIP numbers for the Notes prior to delivery, and the Town will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of the winning bidder(s) to obtain such numbers and to supply them to the Town in a timely manner.

The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal.

Bid forms for sealed bids are attached. For more information about the Notes and the Town reference is made to the Preliminary Official Statement, copies of which may be obtained from William W. Fritz, Jr., First Selectman, Town of Clinton, 54 East Main Street, Clinton, CT 06413, at (860) 669-9333 or from Mark Chapman, Independent Bond & Investment Consultants, LLC, at (203) 245-7264.

William W. Fritz, Jr.
First Selectman

Todd Pozefsky
Treasurer

January 16, 2015

PROPOSAL FOR TOWN OF CLINTON BOND ANTICIPATION NOTES

January 28, 2015

Town of Clinton
54 East Main Street
Clinton, Connecticut 06413

Re:\$_____ General Obligation Bond Anticipation Notes
Dated February 10, 2015: Due February 9, 2016

Subject to the provisions of the Notice of Sale dated January 16, 2015, which Notice is made a part of this proposal, we offer to purchase the indicated principal amount of Town of Clinton General Obligation Bond Anticipation Notes at the stated interest rate (provided not less than \$100,000 of principal amount per interest rate is bid and the total of all principal amounts bid do not exceed \$_____) plus the premium specified below, if any, and to pay therefor par and accrued interest, if any, to the date of delivery, as stated below. (We provide our computations of net interest cost carried to four decimals made as provided in the Notice of Sale but not constituting any part of the proposal.) We acknowledge that we have received and reviewed the Preliminary Official Statement.

Principal Amount	\$_____	Principal Amount	\$_____
Stated interest rate (1/100 of 1%)	_____%	Stated interest rate (1/100 of 1%)	_____%
Premium	\$_____	Premium	\$_____
Net Interest Cost	_____%	Net Interest Cost	_____%

Principal Amount	\$_____	Principal Amount	\$_____
Stated interest rate (1/100 of 1%)	_____%	Stated interest rate (1/100 of 1%)	_____%
Premium	\$_____	Premium	\$_____
Net Interest Cost	_____%	Net Interest Cost	_____%

We agree to accept delivery of and make payment for the stated principal amount of Notes in federal funds on the date of the Notes or as soon thereafter, but not later than thirty (30) days thereafter, on such date as such Notes may be prepared and ready for delivery by the Town.

(Name of Bidder)

(Telephone)

(Its Agent)

(Mailing Address)