

**TOWN OF HAMDEN**  
**FINANCIAL REPORT**  
**JUNE 30, 2003**

**TOWN OF HAMDEN, CONNECTICUT**

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**JUNE 30, 2003**

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TOWN OF HAMDEN, CONNECTICUT

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## LEVITSKY & BERNEY

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### INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Council  
Hamden, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hamden, Connecticut, as of and for the year ended June 30, 2003 which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Hamden, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of the Pension Trust Fund, which represents 98 percent of the assets and 95 percent of the revenues of the fiduciary funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Fund, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

As described in Note 3, the Town has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial statements – Managements Discussion and Analysis – for State and Local Governments*, as of June 30, 2002.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hamden, Connecticut as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2004, on our consideration of the Town of Hamden, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hamden, Connecticut's basic financial statements. The accompanying combining and individual fund statements and schedules, and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
LEVITSKY & BERNEY, P.C.  
Certified Public Accountants

February 6, 2004



# TOWN OF HAMDEN

## OFFICE OF THE MAYOR

Carl J. Amento  
*Mayor*

Hamden Government Center  
2750 Dixwell Avenue  
Hamden, Connecticut 06518  
Tel: (203) 287-7100  
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### MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Hamden's (the Town's) discussion and analysis for the fiscal year ending June 30, 2003 is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

#### Highlights

##### Financial Highlights

- The Town's Net Taxable grand list has increased from \$2,542,024,232 (2000 Grand List) to \$2,571,890,487 (2001 Grand List) to \$2,598,668,330 (2002 Grand List).
- The Town's General Fund budget (primary operating fund) increased by \$3,455,031 from a Fiscal Year 2002 amount of \$125,840,106 to a Fiscal Year 2003 amount of \$129,295,137. This increase consisted of an \$862,002 increase for the Town and a \$2,593,029 increase for the BOE.
- The Town issued a new bond for \$20,935,000, of which \$16,037,000 represented expenditures for BOE related projects, with the remaining \$4,898,000 allocated for various Town capital projects approved in fiscal years 2002 and 2003.
- The Town finished the FY 2003 General Fund budget with an operating deficit of \$2,188,687.

## **Fixed Asset Study**

On June 30, 2003 the Town contracted with an asset appraisal company to identify and value its fixed assets with a threshold value of \$5,000 or more. The following schedule reflects the results of that analysis. Although the schedule incorporates a portion of the Town's infrastructure assets that were added in the fiscal year ending June 30, 2002, the Town has elected not to early implement its remaining infrastructure assets at this time as allowed by GASB 34.

## **Fund Balance**

For the year ending June 30, 2002 the Town's undesignated and unreserved fund balance was reported at \$5,036,945. The current Administration has been building up the Fund Balance since it took office in 1999 when undesignated and unreserved fund balance was \$1,728,780. During Fiscal Year 2002/03 the fund balance was used to absorb the unbudgeted operating deficit of \$2,188,687. In addition, there were two prior period adjustments made to the fund balance. The first increased the fund balance by \$1,815,007 when the General Fund was reimbursed by the WPCA for debt service expenditures that it had previously made on their behalf. The second decreased the fund balance by \$467,259 when a 1989 account receivable from the State was deemed to be uncollectible. Therefore, the undesignated and unreserved fund balance for the fiscal year ending June 30, 2003 was \$4,196,006.

As demonstrated above, a positive fund balance allows the Town to meet unexpected revenue declines, as well as unexpected expenditures, without having to abruptly increase taxes in mid-year or subsequent years. Through the use of the fund balance, the Town was able to meet its budgetary demands without a supplemental form of increased taxes.

Rating agencies look to fund balance as a barometer of the Town's fiscal health. In June 2003 the Town issued a Bond for \$20,935,000. During this process the Town met with both Moody's Investors Service and Standard & Poor's Rating Group to review the Town's financial condition and to obtain a bond rating for the issue. Both rating agencies reconfirmed the Town's A1 and A ratings respectively. These investment rating agencies rate the risk for investors willing to buy debt issued for the purpose of financing the Town's capital projects.

## **Fiscal Year 2003 General Fund Budget**

The Town experienced a deficit in its operating budget of approximately \$2.2 million for Fiscal Year 2002/03. It was clear at mid-year that there would be a shortfall. Therefore, a cost

containment plan was implemented to minimize the size of the deficit. Concessions from the unions were received, which included open staff positions not being filled, and discretionary spending was curtailed. As a result, \$2.3 million in expenditures remained unspent during the year. Unfortunately, several budgeting assumptions made relative to revenues did not come to fruition and resulted in the actual revenues received being short by \$4.5 million. The three major shortfalls derived from anticipated State grants being cut (\$1.5 million), plus unrealized building department fees (\$0.9 million) and interest income (\$0.9 million).

### **Internal Service Funds**

The Town and the BOE both self-insure for medical insurance costs. During the past eleven fiscal years this fund has been in a deficit position at the end of each fiscal year. The deficit now stands at \$1,420,310. It is the Administration's plan to eliminate this deficit by annually contributing the actuarially recommended amount. This is in addition to making supplementary budget contributions over the next three fiscal years until a positive fund balance has been achieved.

The Town also self-insures worker's compensation costs and has done so since July 1, 1998. During this period the fund has been in a deficit position each fiscal year. The deficit now stands at \$636,868. It is also the Administration's plan to eliminate this deficit by contributing an amount annually that is equal to the total anticipated expenses related to claims that correspond to the fiscal year being budgeted. The plan also includes making supplementary budget contributions over the next three fiscal years to eliminate this deficit. This will be in addition to providing reserves to cover estimated future liabilities incurred during all prior years.

### **Tax Collections**

The Town's tax collection rate for the fiscal year ending June 30, 2003 has increased to 98.10 percent compared to last year's rate of 98.00 percent. This marks the highest collection rate in the past eight years, and the lowest current year tax accounts receivable since 1990.

The improvement in the current tax collection rate also contributes to the improvement of the delinquent tax collection rate, since a smaller amount is transferred from the current tax. In addition, State law requires that the oldest taxes be paid first, so as the current tax collection rate improves, taxpayers must also pay their delinquent taxes. Both of these factors and the increased emphasis on the collection of delinquent taxes have shown considerable improvement in the percentage of delinquent taxes collected.

## Pension Funds

The Town is the administrator of a single-employer, contributory defined benefit Public Employee Retirement System (PERS) plan. It has not contributed 100 percent of the actuarial recommendation since 1989. The PERS fund's market value of plan assets has grown from \$40,442,000 as of June 30, 1991 to \$93,086,000 as of June 30, 2002, which is the date of the latest actuarial report. During this same period, the funded ratio, which is defined as the Actuarial Value of the Assets divided by the Actuarial Accrued Liability, decreased from 47.9 percent to 44.3 percent. It is the Administration's plan to return to a 100 percent funding of the actuarially recommended amount over the next four fiscal year budget cycles, starting with an additional infusion of at least \$2 million in the Fiscal Year 2004/05 budget.

FISCAL YEAR	ACTUARIAL REQUIRED PENSION CONTRIBUTION	PERCENTAGE CONTRIBUTION MADE
2003	\$10.2 Million	8.9%
2002	\$6.0 Million	4.1%
2001	\$5.8 Million	0%
2000	\$7.3 Million	0%
1999	\$7.1 Million	24.7%
1998	\$6.8 Million	58.8%
1997	\$6.6 Million	68.5%
1996	\$8.2 Million	55.2%
1995	\$7.8 Million	55.1%
1994	\$7.4 Million	57.8%
1993	\$6.5 Million	65.7%
1992	\$6.2 Million	68.9%
1991	\$5.2 Million	82.1 %
1990	\$5.0 Million	90.8%
1989	\$4.2 Million	104.9%

## **Hamden Water Pollution Control Authority**

During Fiscal Year 2002/03 the HWPCA experienced operating surplus of \$10,988 compared to a \$950,618 operating loss in the previous fiscal year. Operating revenues for FY 2002/03 and FY 2001/02 were \$4,235,056 and \$3,639,468 respectively. Some significant adjustments were required in Fiscal Year 2002/03 which unfavorably impacted the profitability of the HWPCA. A General Obligation bond was issued to pay for damages resulting from a lawsuit by the New Haven Water Pollution Control Authority (NHWPCA). In prior years, the liability for the debt and related interest expense was not transferred to the HWPCA when the Enterprise Fund was established, as should have been done at that time. Therefore, debt service was never charged to the HWPCA until FY 2002/03.

The change in interest, coupled with the interest income of \$19,389, resulted in an overall net loss of \$261,968 for Fiscal Year 2002/03. Since interest expense for prior years was also charged to the General Fund, its reclassification to the HWPCA caused a further erosion of the HWPCA net asset position.

In summary, the loss for Fiscal Year 2002/03 and the current and prior year adjustments to the HWPCA fund have created an unrestricted deficit of \$8,808,132 in net assets. This represents an increase of \$6,750,954 added to the \$2,057,178 for Fiscal Year 2002/03.

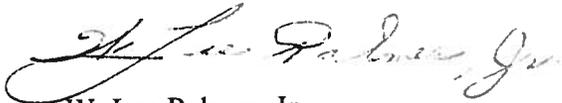
This Administration acknowledges the need to remediate the financial position of the HWPCA, and it will be working closely with the HWPCA Commission to insure that this occurs through rate increases over the next several years.

## **Summary**

The Town of Hamden is committed to addressing the identified issues enumerated in this document. In addition to the specific areas analyzed, the Town has begun to more strategically plan for the future. This will entail engaging in scenario and long range planning to better align projects with anticipated revenue and other funding streams. The Town is currently reviewing its technological capabilities to ensure the efficiency and effectiveness of internal processes and policies. The Town is reevaluating its preventive maintenance programs and replacement schedules to minimize down time and unanticipated expenditures. The Town is presently reviewing all Capital Projects and potential bonding to ensure feasibility and compatibility with overall strategic budget initiatives. As we move forward we will attempt to approach the budget more programmatically and in a manner so as to provide for greater stability and maximization of community dollars and resources.

The preparation of this report could not have been accomplished without the dedication of the Finance Department and members of other Town Departments who assisted in this endeavor. I also extend my appreciation to Mayor Carl J. Amento, Council President Al Gorman, Finance

Committee Chair Curtis J. Leng, and the Legislative Council for their interest and support in moving the financial operations of the Town of Hamden forward in a progressive and responsible manner.



W. Lee Palmer, Jr.  
Interim Finance Director

## TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF NET ASSETS  
JUNE 30, 2003 AND 2002

ASSETS	PRIMARY GOVERNMENT		
	Governmental Activities	Business Type Activities	Total
Cash and Cash Equivalents	\$ 21,946,798	1,944,012	23,890,810
Receivables:			
Property Taxes (Net of allowance for Collection Losses of \$300,000)	2,512,173		2,512,173
Special Assessments	23,166		23,166
Accounts Receivable (Net of allowance of \$93,000)	759,884	509,676	1,269,560
Intergovernmental	34,624,593		34,624,593
Other	704,458		704,458
Inventories	13,609		13,609
Due From Other Funds	19,050,079		19,050,079
Capital Assets (Net of Accumulated Depreciation):			
Land	6,135,000	55,000	6,190,000
Building, Improvements and System	59,768,396	6,813,756	66,582,152
Machinery and Equipment	5,518,711		5,518,711
Infrastructure	79,510,449		79,510,449
Construction In Progress	27,709,233		27,709,233
<b>Total Assets</b>	<b>\$ 258,276,549</b>	<b>9,322,444</b>	<b>267,598,993</b>

20% of X = 21,  
X = 105,000

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

## TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF NET ASSETS  
JUNE 30, 2003 AND 2002

	PRIMARY GOVERNMENT		
	Governmental Activities	Business Type Activities	Total
<b>LIABILITIES</b>			
Accounts Payable And Accrued Liabilities, Including Compensated Absences	\$ 13,336,746	798,333	14,135,079
Accrued Interest	2,399,719		2,399,719
Deferred Revenue	797,143		797,143
Due To Other Funds	13,698,660	5,523,239	19,221,899
Claims Incurred But Not Reported	1,917,058		1,917,058
Non-current Liabilities:			
Due Within One Year	12,092,140	459,287	12,551,427
Due In More Than One Year	143,726,168	5,504,869	149,231,037
<b>Total Liabilities</b>	<b>\$ 187,967,634</b>	<b>12,285,728</b>	<b>200,253,362</b>
<b>NET ASSETS</b>			
Investment In Capital Assets, Net of Related Debt	\$ 90,716,516	5,844,848	96,561,364
Restricted For:			
Inventories	13,609		13,609
Endowments	12,351		12,351
Capital Projects	9,032,776		9,032,776
Special Revenues	145,603		145,603
Unrestricted	(29,611,940)	(8,808,132)	(38,420,072)
<b>Total Net Assets</b>	<b>\$ 70,308,915</b>	<b>(2,963,284)</b>	<b>67,345,631</b>

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

TOWN OF HAMDEN, CONNECTICUT  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2003

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Business Type Activities		Total
					Governmental Activities	Business Type Activities	
<b>Primary Government:</b>							
Governmental Activities:							
Education	\$ (80,065,912)	2,633,580	11,226,675		(66,205,657)		(66,205,657)
General Government	(16,897,094)	1,294,325	17,841,518	17,509,655	19,748,404		19,748,404
Public Safety	(17,583,340)	47,357	25,000		(17,510,983)		(17,510,983)
Public Works	(11,161,744)	601,517			(10,560,227)		(10,560,227)
Health and Welfare	(1,637,903)	17,367			(1,620,536)		(1,620,536)
Culture and Recreation	(4,381,468)	791,065			(3,590,403)		(3,590,403)
Employee Benefits	(12,380,268)				(12,380,268)		(12,380,268)
Community Development	(822,315)				(822,315)		(822,315)
Other	(133,059)				(133,059)		(133,059)
Interest On Long-Term Debt	(3,877,166)				(3,877,166)		(3,877,166)
<b>Total Governmental Activities</b>	<b>\$ (148,940,269)</b>	<b>5,385,211</b>	<b>29,093,193</b>	<b>17,509,655</b>	<b>(96,952,210)</b>	<b>-</b>	<b>(96,952,210)</b>
<b>Business Type Activities:</b>							
WPCA	\$ (4,516,412)	4,235,055				(281,357)	(281,357)
<b>Total Business-Type Activities</b>	<b>\$ 4,516,412</b>	<b>4,235,055</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(281,357)</b>	<b>(281,357)</b>
<b>Total Primary Government</b>	<b>\$ (144,423,857)</b>	<b>9,620,266</b>	<b>29,093,193</b>	<b>17,509,655</b>	<b>(96,952,210)</b>	<b>(281,357)</b>	<b>(97,233,567)</b>
<b>General Revenues:</b>							
Property Taxes		\$ 93,368,140			\$ 93,368,140		93,368,140
Grants and Contributions Not Restricted To Specific Programs		5,759,846			5,759,846		5,759,846
School Construction Grant Receivable Reduction		(1,548,543)			(1,548,543)		(1,548,543)
Investment Earnings		352,772			352,772	19,389	372,161
Disposal of Fixed Assets		(908,066)			(908,066)		(908,066)
Transfers		586,416			586,416	(586,416)	-
<b>Total General Revenues and Transfers</b>		<b>\$ 97,610,565</b>			<b>\$ 97,610,565</b>	<b>(567,027)</b>	<b>97,043,538</b>
<b>Change in Net Assets</b>					<b>\$ 658,355</b>	<b>(848,384)</b>	<b>(190,029)</b>
<b>Net Assets-Beginning</b>					<b>\$ 42,539,223</b>	<b>6,124,015</b>	<b>48,663,238</b>
Adjustment to Beginning Net Assets					<b>27,111,337</b>	<b>(8,238,915)</b>	<b>18,872,422</b>
<b>Net Assets-Beginning - Restated</b>					<b>\$ 69,650,560</b>	<b>(2,114,900)</b>	<b>67,535,660</b>
<b>Net Assets-Ending</b>					<b>\$ 70,308,915</b>	<b>(2,963,284)</b>	<b>67,345,631</b>

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

TOWN OF HAMDEN, CONNECTICUT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2003 AND 2002

	General	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,738,156	7,828,244	12,362,826	21,929,226
Receivables:				
Property Taxes (Net of Allowance for Collection of Losses of \$300,000)	2,512,173			2,512,173
Special Assessments	23,166			23,166
Intergovernmental	809,431		1,615,162	2,424,593
Other Assets	702,203		2,255	704,458
Inventories			13,609	13,609
Due From Other Funds	15,556,377	1,194	3,487,209	19,044,780
<b>Total Assets</b>	<u>\$ 21,341,506</u>	<u>7,829,438</u>	<u>17,481,061</u>	<u>46,652,005</u>

LIABILITIES AND FUND BALANCES

<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities Including Compensated Absences	\$ 9,075,119	84,675	3,254,077	12,413,871
Deferred Revenue	2,716,440	11	744,198	3,460,649
Due To Other Funds	3,704,716	4,425,898	5,568,046	13,698,660
<b>Total Liabilities</b>	<u>\$ 15,496,275</u>	<u>4,510,584</u>	<u>9,566,321</u>	<u>29,573,180</u>

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

TOWN OF HAMDEN, CONNECTICUT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2003 AND 2002

	General	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	\$ 1,649,225	817,321	8,361,058	10,827,604
Inventories			13,609	13,609
Endowments			-	-
Unreserved:				
Undesignated and Unreserved	4,196,006	2,501,533	(459,927)	6,237,612
<b>Total Fund Balances</b>	<b>\$ 5,845,231</b>	<b>3,318,854</b>	<b>7,914,740</b>	<b>17,078,825</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 21,341,506</b>	<b>7,829,438</b>	<b>17,481,061</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
- Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due.
- Long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.
- Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.
- Internal service funds are used by management to charge the costs of liability and medical insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.
- Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of governmental activities

\$ 70,308,915

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003 AND 2002

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes, Interest and Lien Fees	\$ 92,989,819			92,989,819
Special Assessments	17,031			17,031
Intergovernmental	28,986,704	115,999	22,615,477	51,718,180
Licenses, Permits and Fees	1,611,881			1,611,881
Charges for Services	1,812,297		1,287,735	3,100,032
Fines and Forfeits	39,102			39,102
Investment Earnings	312,350	20,277	20,145	352,772
Miscellaneous	616,161	280,877	364,644	1,261,682
<b>Total Revenues</b>	<b>\$ 126,385,345</b>	<b>417,153</b>	<b>24,288,001</b>	<b>151,090,499</b>

<b>Expenditures</b>				
<b>Current:</b>				
Education	\$ 74,007,606		4,537,380	78,544,986
General Government	13,899,648		229,281	14,128,929
Public Safety	17,078,542		89,912	17,168,454
Public Works	10,041,728		24,195	10,065,923
Health And Welfare	1,276,522		344,521	1,621,043
Culture and Recreation	3,612,619		517,131	4,129,750
Employee Benefits	1,753,554			1,753,554
Community Development			822,315	822,315
Capital Outlay		2,442,221	24,364,691	26,806,912
Bond Issuance Costs		47,255	85,804	133,059
Debt Service:				
Principal	4,911,296			4,911,296
Interest	3,350,138			3,350,138
<b>Total Expenditures</b>	<b>\$ 129,931,653</b>	<b>2,489,476</b>	<b>31,015,230</b>	<b>163,436,359</b>

<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>\$ (3,546,308)</b>	<b>(2,072,323)</b>	<b>(6,727,229)</b>	<b>(12,345,860)</b>
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The notes to the financial statements are an integral part of this statement.

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003 AND 2002

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Other Financial Sources (Uses):</b>				
Payments Of Capital Leases	\$	(261,233)		(261,233)
Proceeds from Long-Term Debt		7,760,000	13,175,000	20,935,000
Operating Transfers In	586,416		868	587,284
Operating Transfers (Out)	(868)			(868)
<b>Total Other Financing Sources (Uses)</b>	\$ 585,548	7,498,767	13,175,868	21,260,183
<b>Net Change in Fund Balances</b>	\$ (2,960,760)	5,426,444	6,448,639	8,914,323
<b>Fund Balances - Beginning</b>	\$ 7,458,243	(2,107,590)	1,341,086	6,691,739
Adjustments To Beginning Fund Balance	1,347,748	-	125,015	1,472,763
<b>Fund Balances - Beginning - As Restated</b>	\$ 8,805,991	(2,107,590)	1,466,101	8,164,502
<b>Fund Balances - Ending</b>	\$ 5,845,231	3,318,854	7,914,740	17,078,825

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

## TOWN OF HAMDEN, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2003**

Amounts reported for Governmental Activities in the Statement of Activities (page 11 ) are different because:

Net Change in Fund Balances -- Total Governmental Funds (page 15 )	\$ 8,914,323
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	22,478,108
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	378,321
Revenues of school construction grants that are reported as income in the year revenues provide current financial resources to governmental funds.	(1,548,543)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, Governmental Funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(16,069,271)
The net increase in the net pension obligation is reported as an expense in the governmental activities.	(10,626,714)
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 governmental funds.	(2,165,433)
The net expenses of certain activities of the internal service funds are reported with governmental activities	<u>(702,436)</u>
Change in Net Assets of Governmental Activities (page 11 )	<u>\$ 658,355</u>

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

## TOWN OF HAMDEN, CONNECTICUT

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2003

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes, Interest and Liens	\$ 93,222,947	93,222,947	92,989,819	(233,128)
Special Assessments	10,000	10,000	17,031	7,031
Intergovernmental	28,312,655	28,312,655	26,852,595	(1,460,060)
Licenses, Permits and Fees	2,384,350	2,384,350	1,611,881	(772,469)
Charges For Services	3,094,730	3,094,730	1,812,297	(1,282,433)
Fines and Forfeits	44,000	44,000	39,102	(4,898)
Investment Earnings	1,250,000	1,250,000	312,350	(937,650)
Miscellaneous	394,000	394,000	616,161	222,161
<b>Total Revenues</b>	<b>\$ 128,712,682</b>	<b>128,712,682</b>	<b>124,251,236</b>	<b>(4,461,446)</b>
<b>Expenditures:</b>				
Current:				
Education	\$ 71,513,500	71,513,500	70,952,918	560,582
General Government	15,137,229	14,493,596	13,920,360	573,236
Public Safety	17,712,336	17,541,591	17,330,797	210,794
Public Works	9,221,748	9,942,061	9,917,130	24,931
Health and Welfare	1,343,597	1,330,437	1,309,532	20,905
Culture and Recreation	3,603,648	3,687,986	3,582,672	105,314
Employee Benefits	1,732,000	1,772,342	1,750,537	21,805
Debt Service:				
Principal Retirements	5,370,584	5,370,584	4,911,296	459,288
Interest	3,643,040	3,643,040	3,350,229	292,811
<b>Total Expenditures</b>	<b>\$ 129,277,682</b>	<b>129,295,137</b>	<b>127,025,471</b>	<b>2,269,666</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (565,000)</b>	<b>(582,455)</b>	<b>(2,774,235)</b>	<b>(2,191,780)</b>
<b>Other Financing Sources and (Uses)</b>				
Transfers In	\$ 565,000	565,000	586,416	21,416
Transfers Out			(868)	(868)
<b>Total Other Financing Sources and (Uses)</b>	<b>565,000</b>	<b>565,000</b>	<b>585,548</b>	<b>20,548</b>
<b>Net Changes In Fund Balance</b>	<b>\$ -</b>	<b>(17,455)</b>	<b>(2,188,687)</b>	<b>(2,171,232)</b>
<b>Fund Balance - Beginning</b>			5,036,945	
Adjustments To Beginning Fund Balance			1,347,748	
<b>Fund Balance - Beginning - As Restated</b>			<b>6,384,693</b>	
<b>Fund Balance - Ending</b>			<b>\$ 4,196,006</b>	

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

## TOWN OF HAMDEN, CONNECTICUT

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2003**

ASSETS	Business Type Activities <u>Water Pollution Control Authority</u>	Governmental Activities - <u>Internal Service Funds</u>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,944,012	17,572
Accounts Receivable (Net of Allowance of \$93,000 and \$ 0 For Uncollectibles)	509,676	759,884
Due From Other Funds		5,299
Prepaid Items		
<b>Total Current Assets</b>	<u>\$ 2,453,688</u>	<u>782,755</u>
<b>Capital Assets:</b>		
Land	\$	
Building and System	55,000	
Improvements Other Than Buildings	22,356,925	
Machinery and Equipment		
Construction In Progress		
Less Accumulated Depreciation	<u>(15,543,169)</u>	
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<u>\$ 6,868,756</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 9,322,444</u>	<u>782,755</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Cash Overdraft	\$	884,270
Accounts Payable and Accrued Liabilities Including Compensated Absences	798,333	38,605
Due To Other Funds	5,523,239	
General Obligation Bonds - Current Portion	459,287	
Claims Incurred But Not Reported		1,917,058
<b>Total Current Liabilities</b>	<u>\$ 6,780,859</u>	<u>2,839,933</u>
<b>Non-Current Liabilities:</b>		
General Obligation Bonds - Less Current Portion	<u>\$ 5,504,869</u>	<u>-</u>
<b>Total Non-Current Liabilities</b>	<u>\$ 5,504,869</u>	<u>-</u>
<b>Total Liabilities</b>	<u>\$ 12,285,728</u>	<u>2,839,933</u>
<b>Net Assets:</b>		
Investment In Capital Assets, Net Of Related Debt	\$ 5,844,848	
Unrestricted	<u>(8,808,132)</u>	<u>(2,057,178)</u>
<b>Total Net Assets</b>	<u>\$ (2,963,284)</u>	<u>(2,057,178)</u>

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

## TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
JUNE 30, 2003

	Business Type Activities Water Pollution Control Authority	Governmental Activities - Internal Service Funds
<b>Operating Revenues:</b>		
Charges for Services	\$ 4,235,055	15,601,044
<b>Total Operating Revenues</b>	<b>\$ 4,235,055</b>	<b>15,601,044</b>
<b>Operating Expenses</b>		
Salaries, Benefits and Claims	\$ 551,131	16,310,293
Materials and Supplies	2,519,339	
Depreciation	385,254	
Utilities	48,663	
Administration and Operation	719,680	
<b>Total Operating Expenses</b>	<b>\$ 4,224,067</b>	<b>16,310,293</b>
<b>Operating Income or (Loss)</b>	<b>\$ 10,988</b>	<b>(709,249)</b>
<b>Non-Operating Revenues (Expenses):</b>		
Interest Income	\$ 19,389	6,813
Interest Expense	(292,345)	
<b>Total Non-Operating Revenues</b>	<b>\$ (272,956)</b>	<b>6,813</b>
<b>Net Income or (Loss)</b>	<b>\$ (261,968)</b>	<b>(702,436)</b>
<b>Other Financing Sources (Uses)</b>		
Transfer In	\$	
Transfer (Out)	(586,416)	
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (586,416)</b>	<b>-</b>
<b>Net Assets - Beginning</b>	<b>\$ 6,124,015</b>	<b>(1,354,742)</b>
<b>Prior Period Adjustment to Beginning Net Assets</b>	<b>(8,238,915)</b>	
<b>Net Assets - Beginning - As Restated</b>	<b>\$ (2,114,900)</b>	<b>(1,354,742)</b>
<b>Net Assets - Ending</b>	<b>\$ (2,963,284)</b>	<b>(2,057,178)</b>

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

## TOWN OF HAMDEN, CONNECTICUT

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003**

	<b>Business Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
	<b>Major Water Pollution Control Authority</b>	
<b>Cash Flows From Operating Activities:</b>		
Receipts From Customers and Users	\$ 3,889,810	15,345,618
Cash Payments For Claims and Fees	(2,283,652)	(15,502,221)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ 1,606,158</b>	<b>(156,603)</b>
<b>Cash Flows From Non-Capital Financing Activities:</b>		
Transfers In	\$	
Transfers (Out)	(586,416)	
<b>Net Cash Provided By Non-Capital Financing Activities</b>	<b>\$ (586,416)</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Principal Paid on Capital Debt	\$ (459,752)	
Interest Paid on Capital Debt	(292,345)	
<b>Net Cash Provided By Capital and Related Financing Activities</b>	<b>\$ (752,097)</b>	<b>-</b>
<b>Cash Flows From Investing Activities:</b>		
Investment Income	\$ 19,389	6,813
<b>Cash Flows From Investing Activities</b>	<b>\$ 19,389</b>	<b>6,813</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>\$ 287,034</b>	<b>(149,790)</b>
<b>Cash And Cash Equivalents - Beginning</b>	<b>1,656,977</b>	<b>167,362</b>
<b>Cash And Cash Equivalents - Ending</b>	<b>\$ 1,944,011</b>	<b>17,572</b>
<b>Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:</b>		
Operating Income or (Loss)	\$ 10,988	(709,249)
<b>Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:</b>		
Depreciation Expense	\$ 385,254	
Change in Assets and Liabilities:		
(Increase) Decrease In Accounts and Other Receivables	(345,245)	(255,426)
Increase (Decrease) In Claims Liabilities	88,765	884,270
Increase (Decrease) In Accounts Payable		(2,819)
Increase (Decrease) In Due To Other Funds	1,466,396	(73,379)
<b>Total Adjustments</b>	<b>\$ 1,595,170</b>	<b>552,646</b>
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ 1,606,158</b>	<b>(156,603)</b>

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

## TOWN OF HAMDEN, CONNECTICUT

**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**AS OF JUNE 30, 2003**

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
<b>Cash and Cash Equivalents</b>	\$ <u>2,408,770</u>	<u>172,108</u>	<u>1,336,506</u>
<b>Investments, At Fair Value</b>			
Corporate Stocks	\$ 49,414,022		
Corporate Bonds and Notes	13,933,781		
United States Government Securities	2,894,065		
United States Government Agency Securities	2,381,944		
Mutual Funds	14,991,138		
<b>Total Investments</b>	\$ <u>83,614,950</u>	<u>-</u>	<u>-</u>
<b>Other Receivables</b>	\$ <u>888,777</u>		
<b>Prepaid Expenses</b>	\$ <u>14,617</u>		
<b>Due From Other Funds</b>	\$ <u>                    </u>	<u>51,628</u>	<u>161,697</u>
<b>Total Assets</b>	\$ <u><u>86,927,114</u></u>	<u><u>223,736</u></u>	<u><u>1,498,203</u></u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 703,112	1,187	
Deferred Revenue		16,589	
Due to Other Funds		5,115	36,390
Other Liabilities		-	1,461,813
<b>Total Liabilities</b>	\$ <u>703,112</u>	<u>22,891</u>	<u>1,498,203</u>
<b>NET ASSETS</b>			
Held In Trust For Pension Benefits	\$ 86,224,002		
Reserved For Encumbrances		1,425	
Unrestricted and Undesignated	<u>86,224,002</u>	<u>199,420</u>	
	\$ <u><u>86,224,002</u></u>	<u><u>200,845</u></u>	<u><u>-</u></u>

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

## TOWN OF HAMDEN, CONNECTICUT

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS-  
FIDUCIARY FUNDS  
AS OF JUNE 30, 2003**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Fund</b>
<b>Additions:</b>		
Contributions:		
Town of Hamden	\$ 905,852	
Plan Members	1,679,370	
	2,585,222	-
Total Contributions	\$ 2,585,222	-
Investment Income (Loss):		
Net Depreciation in Fair Value of Investments	\$ (608,446)	
Interest and Dividends	2,948,251	1,589
Other Income		211,036
	2,339,805	212,625
Total Investment Income (Loss)	\$ 2,339,805	212,625
Less, Investment Expenses:		
Investment Management Fees	443,571	
	1,896,234	212,625
Net Investment Income	\$ 1,896,234	212,625
<b>Total Additions</b>	<b>\$ 4,481,456</b>	<b>212,625</b>
<b>Deductions:</b>		
Benefits and Other Deductions	\$ 11,343,223	209,125
<b>Total Deductions</b>	<b>\$ 11,343,223</b>	<b>209,125</b>
<b>Net Increase (Decrease)</b>	<b>\$ (6,861,767)</b>	<b>3,500</b>
<b>Net Assets - Beginning</b>	<b>93,085,769</b>	<b>197,345</b>
<b>Net Assets - Ending</b>	<b>\$ 86,224,002</b>	<b>200,845</b>

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

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Note 1 - Reporting Entity, Description of Funds and Account Groups and Summary of Significant Accounting Policies**

**Reporting Entity**

The Town of Hamden, Connecticut (the Town) was founded in 1664 and incorporated in 1786. The Town covers an area of 33 square miles, and is located approximately 70 miles northeast of New York City and 30 miles southwest of Hartford, Connecticut. The Town operates under a Council/Mayor form of government.

The Town provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

**Individual Component Unit**

Blended Component Unit - Green Dragon Enterprises, Inc. (GDE) is governed by a five-member board made up of Hamden High School faculty and members of the Board of Education. Although it is legally separate from the Town, the GDE is reported as if it were part of the primary government because its sole purpose is to create a learning environment, through the creation of various enterprises, for all students and staff of Hamden High School. The complete financial statements of the component unit can be obtained from its respective administrative office located at Hamden High School.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Account Standards Board Statement No 14, have been considered and there are no agencies or entities other than described in the preceding paragraph that should be, but are not, combined in the financial statements of the Town.

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Note 1 - Reporting Entity, Description of Funds and Account Groups and Summary of Significant Accounting Policies (Continued)**

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of the inter-fund activity has been removed from those statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 later are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Note 1 - Reporting Entity, Description of Funds and Account Groups and Summary of Significant Accounting Policies (Continued)**

**Measurement Focus/Basis of Accounting**

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

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" mean the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated for payments to be made early in the following year. Certain indirect costs are included in the program expense.

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

The government reports the following major governmental funds:

**General Funds**

**General Funds** - The General Fund is the general operating fund of the Town government. All unrestricted resources, except those required to be accounted for in another fund, are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt and capital improvement costs of the Town, which were not paid through a special fund.

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Note 1 - Reporting Entity, Description of Funds and Account Groups and Summary of Significant Accounting Policies (Continued)**

**Measurement Focus/Basis of Accounting (Continued)**

**Capital Projects Funds**

**Capital Projects** - The Capital Projects Fund is used to account for resources used for the acquisition and construction of capital facilities, including those that are financed through special assessments.

Included in the Capital Projects Fund are sewer assessments, which are levied in order to finance both the construction of new and the improvement to existing sewer systems.

**Proprietary Funds**

**Water Pollution Control Authority** - The Water Pollution Control Authority accounts for the operations of the Town's wastewater treatment plant. It is independent in terms of its relationship to other Town functions. Its operations are financed from special assessments and direct charges to the users of the service.

Additionally, the government reports the following fund types:

**Internal Service Funds** - accounts for employee health insurance and workers' compensation insurance provided to departments of the Town and Board of Education.

**Pension Trust Funds** - accounts for activities of the Town's four defined benefit plans, which accumulate resources for pension benefit payments to qualified employees.

**Private Purpose Trust Fund** - accounts for assets held by the Town.

**Agency Funds** - accounts for monies held as a custodian for outside groups and agencies.

**Permanent Funds** - accounts for monies that are legally restricted to the extent that only earnings and not principal may be used that support programs that benefit the government or its citizens.

**TOWN OF HAMDEN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Note 1 - Reporting Entity, Description of Funds and Account Groups and Summary Significant Accounting Policies (Continued)**

**Measurement Focus/Basis of Accounting (Continued)**

**Property Taxes**

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

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property taxes receivable, not expected to be collected within sixty days of year-end are reflected as deferred revenue.

**Cash and Cash Equivalents**

The Town considers all highly liquid investments and those with original maturities of three months or less to be cash equivalents.

**Inventories**

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

**Inter-Fund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

**Note 1 - Reporting Entity, Description of Funds and Account Groups and Summary of Significant Accounting Policies (Continued)**

**Measurement Focus/Basis of Accounting (Continued)**

**Capital Assets**

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the net assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Land and Improvements	20 years
Building and Building Improvements	25 - 50 years
Infrastructure	10 - 65 years
Machinery and Equipment	5 - 20 years
Licensed Vehicles	8 years

GASBS No. 34 requires the Town to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006. The Town has elected to implement the general provisions of GASBS No. 34 in the current year and hope to implement the retroactive infrastructure provisions (under the modified approach) in the fiscal year ending June 30, 2005.

**Proprietary Funds**

Property, plant and equipment owned by the proprietary funds are recorded based on the 1996 appraisal company and, subsequently, at acquisition costs or if contributed property at fair value at the time of contribution.

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003**

**Note 1 - Reporting Entity, Description of Funds and Account Groups and Summary of Significant Accounting Policies (Continued)**

**Measurement Focus/Basis of Accounting (Continued)**

**Proprietary Funds (Continued)**

Assets capitalized have an original cost of \$300 or more over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Building	20 - 50 years
Water and Sewer System	30 - 50 years

**Compensated Absences**

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

**Deferred Revenue**

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

**Long-Term Obligations**

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003

**Note 1 - Reporting Entity, Description of Funds and Account Groups and Summary of Significant Accounting Policies** (Continued)

**Measurement Focus/Basis of Accounting** (Continued)

**Long-Term Obligations** (Continued)

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

**Fund Equity and Net Assets**

In the government-wide financial statements, net assets are classified in the following categories:

Investment in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Assets - This category present external restrictions imposed by creditors, grantors, contributors and laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

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

Reserves Fund Balance - this category indicates that portion of fund equity which has been legally segregated for specific purposes.

Undesignated and Unreserved Fund Balance - This category indicates that portion of fund equity which is available for appropriations and expenditures in future periods.

**TOWN OF HAMDEN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Note 2 – Prior Period Adjustments and Change in Accounting Principles**

The net assets of the governmental and business-type activities have been restated at June 30, 2002 for the following purposes:

	<u><b>Governmental Activities</b></u>	<u><b>Business-Type Activities</b></u>
Prior period adjustments relating to the Transfer of sewer notes and bonds payable to the W.P.C.A. Proprietary Fund:		
Prior Period Adjustment to the general Fund and the W.P.C.A. enterprise fund for payments made in prior periods relating to the sewer bonds and notes payable.	\$ 1,815,007	(1,815,007)
Prior period adjustment to the governmental net assets and the W.P.C.A. enterprise fund for outstanding sewer bonds and notes payable at June 30, 2002.	6,423,908	(6,423,908)
Prior period adjustments relating to grants receivable as of June 30, 2002:		
Prior period adjustment to the special revenue fund, education grants for unrecorded receivables at June 30, 2002.	125,015	
Prior period adjustment to the general fund for overstated grants receivable as of June 30, 2002.	(467,260)	
Prior period adjustments relating to capital assets as of June 30, 2002:		
Prior period adjustment to net assets for the understatement of capital assets at June 30, 2002.	18,802,173	

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003**

**Note 2 – Prior Period Adjustments and Change in Accounting Principles (Continued)**

Prior period adjustments relating to GASB Statement No. 34 restatements made June 30, 2002		
Prior period adjustment for Deferred Taxes At June 30, 2002	2,285,185	
Prior Period adjustment for Accrued Interest On Bond Obligations	(1,872,691)	
Total prior period adjustment to Net Assets	<u>\$ 27,111,337</u>	<u>(8,238,915)</u>

The effect of the above adjustments on the governmental funds were as follows:

General Fund	\$ 1,347,748	
Special Revenue Fund – Education	<u>125,015</u>	
Total – Prior Period Adjustments To Governmental Funds	\$ 1,472,763	
Long-Term Liabilities	6,423,908	
Capital Assets	18,802,173	
GASBS No. 34 Restatement Correction	<u>412,493</u>	
Total	<u>\$ 27,111,337</u>	

**Note 3 - Implementation of Government Accounting Standards Board Pronouncements**

As of and for the year ended June 30, 2002, the Town implemented the following Governmental Accounting Standards Board (GASB) pronouncements:

Statement No. 34	Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments
Statement No. 36	Recipient Reporting for Certain Shared Non-exchange Revenues-an Amendment of GASB No. 33
Statement No. 37	Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments
Statement No. 38	Certain Financial Statement Note Disclosures
Interpretation No. 6	Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements are scheduled for a phased implementation (based on the size of the government) through fiscal years ending in 2005. The Town was required to implement the new requirements for the fiscal year ending June 30, 2002.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003

**Note 3 - Implementation of Government Accounting Standards Board Pronouncements**  
(Continued)

The more significant of the changes affecting the Town as required by the new standard include:

- Management's discussion and analysis
- Basic Financial Statement that include:
  - Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
  - Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;
  - Schedules to reconcile the fund financial statement to the government-wide financial statements; and
  - Notes to financial statements.

**Note 4 - Reconciliation of Government-Wide and Fund Financial Statements**

**Explanation of Certain Differences between the Government Fund Balance Sheet and the Government-Wide Statement of Net Assets**

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$155,818,308 difference is as follows:

Bonds Payable	\$ 87,677,025
Compensated Absences	6,850,384
Capital Leases	248,248
Claims and Judgments	112,068
Post-closure Landfill Costs	123,500
Net Pension Obligation	<u>60,807,083</u>
Net Adjustment to Reduce Fund Balance - Total Government Funds to Arrive at Net Assets - Governmental Activities	<u>\$ 155,818,308</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003

**Note 4 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$22,478,108 difference are as follows:

Capital Outlay	\$ 26,806,912
Depreciation Expense	(3,420,738)
Disposal	<u>(908,066)</u>
Net Adjustment to Increase Net Changes in Fund Balance - Total Government Funds to Arrive at Changes in Net Assets of Governmental Activities	
	<u>\$ 22,478,108</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities." The details of this \$(16,069,271) difference are as follows:

Debt Issued or Incurred:	
Issuance of Bonds	\$ (20,935,000)
Capital Leases	(261,233)
Principal Repayments:	
General Obligation Debt	4,911,296
Capital Leases	<u>215,666</u>
Net Adjustment to Decrease Net Assets In Fund Balances - Total Governmental Funds To Arrive at Changes in Net Assets of Governmental Activities	
	<u>\$ (16,069,271)</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003

**Note 4 - Reconciliation of Government-Wide and Fund Financial Statements** (Continued)

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-Wide Statement of Activities** (Continued)

Another element of that reconciliation states that "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 governmental funds." The details of this (\$2,165,433) difference are as follows:

Net Increase In Compensated Absences	\$ (1,641,243)
Net Increase In Accrued Interest	(527,028)
Net Decrease In Other	<u>2,838</u>
Net Adjustment to Decrease <i>Net Change In Fund Balances Total Governmental Funds to Arrive At Changes In Net Assets of Governmental Activities</i>	<u>\$ (2,165,433)</u>

**Note 5 - Budgets and Budgetary Accounting**

The Town's general budget policies are as follows:

- a. Not later than 105 days prior to the beginning of the fiscal year, the Mayor prepares and submits to the Legislative Council an annual budget based on detailed estimated revenues and expenditures for the Town.
- b. The Legislative Council must hold public hearings not later than 60 days before the beginning of the fiscal year, at which time taxpayers' comments are obtained.
- c. Not later than 45 days prior to the beginning of the fiscal year, the Legislative Council must adopt the budget.
- d. With approval from the Mayor, the Legislative Council may transfer any unencumbered appropriations from one department, commission, board or office to another. Any additional appropriations over and above the budget total may be made by resolution of the Legislative Council upon recommendation of the Mayor and certification from the Director of Finance that there is an unappropriated, unencumbered general fund cash balance available to meet the additional appropriation. Unencumbered appropriations lapse at year end. Supplemental appropriations in the amount of \$17,455 were approved by the Legislative Council during the fiscal year. The supplemental appropriations were financed by \$17,455 in additional current revenues.
- e. Formal budgetary integration is employed as a management control device during the year for the general fund. Only the general fund is required to be budgeted.

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003**

**Note 5 - Budgets and Budgetary Accounting (Continued)**

- f. The legal level of control is at the department level.
- g. Encumbrances are recognized as a valid and proper charge against a budget issued appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year. If an appropriation is not encumbered, it lapses at year-end and may not be used by the department.
- h. Classifications of certain revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for budgetary purposes.

A reconciliation of general fund operations and fund balance presented on a budgetary basis to the amounts presented in accordance with accounting principles generally accepted in the United States of America is as follows:

	<u>Revenues</u>	<u>Expenditures and Encumbrances</u>	<u>Fund Balance</u>
Balance, Budgetary Basis	\$ 124,251,236	127,025,471	4,196,006
Encumbrances			
June 30, 2002		2,421,298	
June 30, 2003		(1,649,225)	1,649,225
Retroactive Pay Adjustments (Previously Deferred for Budget)			
State Teachers' Retirement On-behalf Payment, not Recognized for Budgetary Purposes	2,134,109	2,134,109	
Balance, GAAP Basis	\$ 126,385,345	129,931,653	5,845,231

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003

Note 5 - Budgets and Budgetary Accounting (Continued)

Special Revenue Funds

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants.

Capital Projects Funds

Legal authorization for expenditures of the Capital Projects Funds is provided by the related bond ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

Note 6 - Deposits and Investments

Deposits and Investment Balances

Following is a reconciliation of the Town's deposit and investment balances as of June 30, 2003:

	<u>Carrying and Fair Values</u>
Cash on Hand	\$ 5,401
Bank Deposit Accounts	5,990,236
Short-Term Investments Fund	19,034,816*
Certificates of Deposit	20,000
Money Market Accounts	1,368,907*
Common Trust Fund	1,412,463
	<u>\$ 27,831,823</u>

\* Risk categorization is not required for investment pools because specific securities related to the Town cannot be identified.

At June 30, 2003, the carrying amount of the Town's cash and cash equivalents was \$27,808,194. The bank balances of funds on deposit totaled \$30,375,682. Of the bank balance, \$531,217 was covered by federal depository insurance, \$2,863,134 was protected under provisions of the Connecticut General Statutes, which provide for protection against loss in excess of depository insurance through assessment against segregated collateral required to be maintained by public depositories, but not held in the Town's name and \$25,147,310 was uninsured and uncollateralized.

The Town's investments are categorized as either (1) insured or registered, or securities held by the Town or its agency in the Town's name, (2) uninsured and unregistered, with securities held by the counterpart's trust department or agent in the Town's name or (3) uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Town's name.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003

Note 6 - Deposits and Investments (Continued)

Deposits and Investment Balances (Continued)

The Town's investments at June 30, 2003 are shown below:

	<u>Carrying and Fair Values</u>
Pension Trust Fund:	
Common Stock	\$ 49,414,022 (3)
Corporate Bonds and Notes	13,933,781 (3)
United States Government Securities	2,894,065 (3)
United States Government Agency Securities	2,381,944 (3)
Mutual Funds	<u>14,991,138*</u>
	<u>\$ 83,614,950</u>

Due to Significantly higher cash flows at certain times of the year, the Town's investment in repurchase agreements (under category 3) were substantially higher than at year-end.

\* This investment is excluded from this risk classification because specific securities related to the Town cannot be identified.

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003**

**Note 7 - Inter-fund Accounts**

As of June 30, 2003, inter-fund receivables and payables that resulted from various inter-fund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>Major Funds:</b>		
General Fund	\$ 15,556,377	3,704,716
Capital Projects Funds	1,194	4,425,898
Enterprise Fund	<u>                    </u>	<u>5,523,239</u>
	<u>\$ 15,557,571</u>	<u>13,653,853</u>
<b>Non-major Funds:</b>		
Special Revenue	\$ 309,212	129,195
Capital Projects	3,177,997	5,438,416
Permanent Funds	<u>                    </u>	435
Internal Services	<u>5,299</u>	<u>                    </u>
	<u>\$ 3,492,508</u>	<u>5,568,046</u>
<b>Fiduciary Funds:</b>		
Other Private Purpose Funds	\$ 51,628	5,115
Agency Funds	<u>161,697</u>	<u>36,390</u>
	<u>\$ 213,325</u>	<u>41,505</u>
<b>Total</b>	<u><u>\$ 19,263,404</u></u>	<u><u>19,263,404</u></u>

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003**

**Note 8 - Capital Assets**

Capital assets activity for the year ended June 30, 2003 was as follows:

	<u>Balance June 30, 2002</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2003</u>
<b>Governmental Activity</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 6,135,000			6,135,000
Construction in Progress	<u>13,628,337</u>	<u>19,716,068</u>	<u>5,635,172</u>	<u>27,709,233</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 19,763,337</u>	<u>19,716,068</u>	<u>5,635,172</u>	<u>33,844,233</u>
Capital Assets, Being Depreciated:				
Land Improvements	\$ 5,585,277	743,473		6,328,750
Building and System	69,604,600	10,945,709	1,986,060	78,564,249
Machinery and Equipment	13,942,845	89,704	500,000	13,532,549
Infrastructure	<u>78,948,828</u>	<u>947,130</u>	<u>                    </u>	<u>79,895,958</u>
Total Capital Assets Being Depreciated	<u>\$ 168,081,550</u>	<u>12,726,016</u>	<u>2,486,060</u>	<u>178,321,506</u>
Less, Accumulated Depreciation:				
Land Improvements	\$ 124,146	1,022,501		1,146,647
Building and System	23,593,661	1,473,889	1,089,594	23,977,956
Machinery and Equipment	7,636,863	865,375	488,400	8,013,838
Infrastructure	<u>326,536</u>	<u>58,973</u>	<u>                    </u>	<u>385,509</u>
Total Accumulated Depreciation	<u>\$ 31,681,206</u>	<u>3,420,738</u>	<u>1,577,994</u>	<u>33,523,950</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>\$ 136,400,344</u>	<u>9,305,278</u>	<u>908,066</u>	<u>144,797,556</u>
Total Governmental Activities	<u>\$ 156,163,681</u>	<u>29,021,346</u>	<u>6,543,238</u>	<u>178,641,789</u>
<b>Business-Type</b>				
Capital Assets Being Depreciated:				
Building and System	\$ 55,000			55,000
Improvements Other than Building	<u>22,356,925</u>	<u>                    </u>	<u>                    </u>	<u>22,356,925</u>
Total	<u>\$ 22,411,925</u>	<u>                    </u>	<u>                    </u>	<u>22,411,925</u>
Less: Accumulated Depreciation	<u>\$ 15,157,915</u>	<u>385,254</u>	<u>                    </u>	<u>15,543,169</u>
Total Business – Type Activities	<u>\$ 7,254,010</u>	<u>(385,254)</u>	<u>                    </u>	<u>6,868,756</u>
Total Capital Assets	<u>\$ 163,417,691</u>	<u>28,636,092</u>	<u>6,543,238</u>	<u>185,510,545</u>

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Note 8 - Capital Assets (Continued)**

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

Government Activities:	
General Government	\$ 120,527
Education	1,520,926
Public Safety	414,886
Public Works	1,095,821
Health and Welfare	16,860
Culture and Recreation	<u>251,718</u>
Total Depreciation Expense- Governmental Activities	<u>\$ 3,420,738</u>
Business Type Activities:	
Water Pollution Control Authority	<u>\$ 385,254</u>
Total Depreciation Expense- Business Type Activities	<u>\$ 3,805,992</u>

**Note 9 - Long-Term Liabilities**

Long-term debt liabilities activity for the year ended June 30, 2003 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reduction</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activity:</b>					
Notes and Bonds Payable:					
General Obligation Bonds	\$ 71,653,321	20,935,000	4,911,296	87,677,025	4,691,296
Other Long-term Liabilities:					
* Capital Leases	202,681	261,233	215,666	248,248	161,248
Compensated Absences:					
Town	3,858,615	3,010,591	974,227	5,894,979	975,000
Board of Education	1,350,528		395,123	955,405	145,291
Landfill Post-Closure					
* Monitoring	126,338		2,838	123,500	6,500
Net Pension Obligation	50,180,369	13,261,325	2,634,611	60,807,083	6,000,737
* Claims and Judgments	<u>112,068</u>			<u>112,068</u>	<u>112,068</u>
Total Governmental Activity Long-Term Liabilities	<u>\$127,483,920</u>	<u>37,468,149</u>	<u>9,133,761</u>	<u>155,818,308</u>	<u>12,092,140</u>
<b>Business-Type Activity</b>					
General Obligation Bonds	\$ 6,366,679		453,704	5,912,975	453,704
Clean Water Fund Notes	57,229		6,048	51,181	5,583
Total Business-Type	<u>\$ 6,423,908</u>		<u>459,752</u>	<u>5,964,156</u>	<u>459,287</u>
Total Long-Term Liabilities	<u>\$133,907,828</u>	<u>37,468,149</u>	<u>9,593,513</u>	<u>161,782,464</u>	<u>12,551,427</u>

**TOWN OF HAMDEN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Note 9 - Long-Term Liabilities (Continued)**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business type activities. During the year, general obligation bonds totaling \$20,935,000.

General Obligation Bonds are direct obligations and pledge the good faith and credit of the government. Certain general obligation bonds are to be repaid by revenues of the enterprise funds. These bonds generally are issued as 15 year or 20 year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

As of June 30, 2003, the outstanding general obligation bonded indebtedness of the Town was as follows:

	<u>Governmental</u>	<u>Business-Type</u>
School bonds with interest rates ranging from 2.75% to 7% and varying expiration dates ranging from March, 2003 to July, 2022.	\$ 63,227,250	
Public Improvement bonds with interest rates ranging from 2.75% to 7% and varying expiration dates ranging from March, 2003 to July, 2022.	23,469,775	
Sewer bonds with interest rates ranging from 3.25% to 5.25% and varying expiration dates ranging from March, 2003 to July, 2022.		5,912,975
Revaluation bond with interest rates ranging from 4% to 5% and expiring in August, 2010.	980,000	
	<u>\$ 87,677,025</u>	<u>\$ 5,912,975</u>

**TOWN OF HAMDEN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Note 9 - Long-Term Liabilities (Continued)**

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

Year Ended, June 30	Governmental Activity		Business-type Activity	
	Principal	Interest	Principal	Interest
2004	\$ 4,691,296	3,586,524	453,704	273,114
2005	4,956,296	3,710,341	453,704	254,516
2006	6,229,443	3,450,915	455,557	235,853
2007	6,229,443	3,156,369	455,557	216,675
2008	6,084,443	2,860,960	680,557	197,272
2009-2013	30,057,218	10,079,451	3,402,782	481,804
2014-2018	22,218,886	4,010,388	11,114	583
2019-2023	7,210,000	647,939		
	<u>\$ 87,677,025</u>	<u>31,502,887</u>	<u>5,912,975</u>	<u>1,659,817</u>

The State of Connecticut reimburses the Town for eligible principal and interest costs of the portion of the capital improvement bond issues used for school construction. The amount of such reimbursement for the year ended June 30, 2003 was approximately \$2,948,000. Additional payments aggregating approximately \$32,200,000 are expected to be received through the bonds' maturity dates.

**Clean Water Fund Loans Payable**

The Town has an outstanding balance on loans payable to the State of Connecticut Department of Environmental Protection, under its Clean Water Fund Program, for sanitary sewer projects. These loans bear interest at 2% per annum. The balance of these loans as of June 30, 2003 was \$51,646 and the annual debt service requirements to maturity are as follows:

Year Ended June 30,	Governmental Activity	
	Principal	Interest
2004	\$ 5,583	972
2005	5,583	861
2006	5,583	749
2007	5,583	637
2008	5,583	526
2009-2013	23,731	988
	<u>\$ 51,646</u>	<u>4,733</u>

**TOWN OF HAMDEN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Note 9 - Long-Term Liabilities** (Continued)

**Landfill Post-closure Monitoring**

State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for thirty years after closure, which was 1991. The liability for the landfill post-closure care, aggregating \$123,500, is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfills as of June 30, 2003. However, the actual cost of closure and post-closure care maybe higher due to inflation, changes in technology or changes in landfill laws and regulations. Costs will be funded through future property taxes and state and federal grants.

**Note 10 -Capital Leases**

Property and equipment carried at a cost of \$261,233 has been acquired under capital lease agreements. The yearly payment under these leases range from \$6,811 to \$60,541, at interest ranging from 5.15% to 7.05%, respectively.

	2003	\$ 176,803
	2004	<u>91,592</u>
		\$ 268,395
	Less, Amount Representing Interest	<u>20,147</u>
	Total	<u>\$ 248,248</u>

**Operating Lease Commitments**

The Town is committed under various operating leases of real estate, vehicles and office and data processing equipment. Lease expenditures for the year ended June 30, 2003 totaled approximately \$4,173,660. Future minimum lease payments under these agreements total \$13,390,000 (\$4,292,685, \$4,461,090 and \$4,636,225 for years ending June 2004, 2005 and 2006, respectively).

**Note 11 -Employee Retirement Plans**

**Plan Description** - The Town is the administrator of a single-employer, contributory, defined benefit public employee retirement system (PERS) established in 1949 (amended and restated effective July 1, 2000) under a trust agreement and administered by the Town to provide pension benefits for its employees. The PERS is considered to be a part of the Town of Hamden's financial reporting entity and is included in the Town's financial reports as the Employee Retirement Pension Trust Fund. A stand-alone plan report is available from the Town's Finance Department, 2750 Dixwell Avenue, Hamden, Connecticut 06518.

**TOWN OF HAMDEN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Note 11 - Employee Retirement Plans (Continued)**

As of July 1, 2002, the date of the most recent actuarial valuation, employee membership consisted of:

Retirees and beneficiaries currently receiving benefits	590	
Terminated Employee entitled to benefits but not yet receiving them	17	
Active Plan Participants:		
Vested (fully or partially)	307	
Non-Vested	<u>319</u>	<u>626</u>
		<u><u>1,233</u></u>

The PERS is a contributory defined benefit plan. Substantially all full-time employees of the Town are eligible to participate. Participants in the State Teachers' Retirement System, part-time Town employees and officials elected by popular vote are excluded.

Employees begin to vest their retirement benefits after completion of at least 10 years of credited service, and full vesting is attained after completing 15 years of service.

The Plan provides retirement benefits, disability retirement benefits and pre-retirement and post-retirement death benefits. The Plan includes specific benefit provisions, vesting rules and employee contribution rules for the following employee classifications: guardian employees and service employees. Guardian employees are defined as full-time employees who are members of the police or fire department. All other town employees are considered to be service employees. The plan provides for an annual cost of living adjustment to pension benefit payments based on changes in the consumer pricing index.

Guardian employees receive normal pension benefits equal to 2.5% of average annual compensation per year of credited service for the first 20 years, plus 3% per year of credited service for the next 5 years, plus 2% per year in excess of 25 years to a maximum of 35 years. Disability benefits are provided as the greater of 30% of average annual compensation if hired on or after July 1, 1981, 25% if hired on or after July 1, 1987, or normal pension accrued. Guardian employees hired prior to July 1, 1981 have a minimum benefit of 50% of average annual compensation.

Service employees receive normal pension benefits equal to 2.5% of average annual compensation per year of credited service for the first 20 years, plus 2% in excess of 20 years to a maximum of 35 years. Disability benefits are provided as the greater of 50% of average annual compensation or the employee's normal retirement pension.

The Town of Hamden makes contributions to the Plan, at the discretion of the legislative board.

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2003**

**Note 11 - Employee Retirement Plans (Continued)**

Plan provisions include mandatory employee contributions by service employees. Effective January 1, 2000, plan provisions also include mandatory employee contributions by guardian employees. Effective January 1, 2000, all employee contributions are made on a pre-tax basis. These contributions are negotiated as part of the collective bargaining agreements.

Service employees currently contribute 5.5% of their annual covered salary. Guardian employees contribute 5% of covered salary. Covered salary includes regular payroll, vacation, holiday, personal, longevity and sick time payroll.

Employees are 100% vested in their contributions to the Plan. If a member leaves employment prior to becoming eligible for benefits, all accumulated employee contributions will be paid to the member in the form of a lump sum payment.

The Plan may be discontinued or amended in any respect at any time by action of the Town's Legislative Council.

The significant actuarial assumptions are as follows:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percentage of Salary
Remaining Amortization Period	34 years
Asset Valuation Method	Market Value
Investment Rate of Return	8% per annum
Salary Increases	5% per annum
Inflation Rate	3% per annum

The Town's annual pension cost and net pension obligation for the year ended June 30, 2003 were as follows:

Annual required contribution	\$ 10,152,747
Interest on net pension obligation	4,014,430
Adjustments to annual required contribution	<u>(2,634,611)</u>
Annual Pension Cost	\$ 11,532,566
Contribution made	<u>(905,852)</u>
Increase in net pension obligation	\$ 10,626,714
Net pension obligation, beginning of year	<u>50,180,369</u>
Net pension obligation, end of year	<u>\$ 60,807,083</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003

Note 11 - Employee Retirement Plans (Continued)

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2003	\$ 11,532,566	7.8%	\$ 60,807,083
June 30, 2002	7,261,411	3.4%	50,180,369
June 30, 2001	6,805,924	0.0%	43,168,958
June 30, 2000	8,086,025	0.0%	36,363,034
June 30, 1999	7,742,934	22.6%	28,277,009
June 30, 1998	7,379,603	54.2%	22,284,075

Schedule of Employer Contributions

<u>Year Ended June 30, Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2003	\$ 10,152,747	8.9%
2002	6,044,233	4.1
2001	5,756,815	0.0
2000	7,252,800	0.0
1999	7,073,400	24.7
1998	6,801,300	58.8

Schedule of Fund Progress (in 000's)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Schedule of Funding Progress</u>				<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
		<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	
07/01/02	\$ 93,085,769	210,215,350	117,129,581	44.28%	25,812,990	453.76%
07/01/01	N/A	N/A	N/A	N/A	N/A	N/A
07/01/00	134,230,520	187,009,303	52,778,783	71.78%	26,563,079	198.69%
07/01/99	N/A	N/A	N/A	N/A	N/A	N/A
07/01/98	114,495,800	168,628,700	54,132,900	67.90%	24,523,600	220.74%
07/01/97	N/A	N/A	N/A	N/A	N/A	N/A

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2003**

**Note 11 - Employee Retirement Plans (Continued)**

**Teachers' Retirement System**

Teachers with the Town's school system participate in a retirement plan administered by the Connecticut State Teacher's Retirement Board.

**Covered Employees**

The Teachers' Retirement System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the plan is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units. Participation in the plan is mandatory for certificated personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees Retirement System or the Alternate Retirement Plan (TIAA-CERF).

**Vesting Requirements**

A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60.

**Pension Contribution Requirements/Amounts by State**

The pension contributions made by the State to the plan are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z. For the fiscal year ended June 30, 2003, \$179,823,603 was expended to meet the State's funding requirements. The results of the State's actuarial valuation at June 30, 2003 did not contain information, which would show the development of the State's actuarial cost by local school district. The State's estimated total payroll was \$2,850,292,107. The State's appropriation represented 6.309% of the total estimated payroll.

Participants are required to contribute 7% of their annual salary rate to the system as required by CGS Section 10-183b(7). For the 2002-2003 school year 7% mandatory contributions were deducted from the salaries of teachers who were participants of the plan during the school year. The estimated covered payroll for Hamden is \$33,826,427.

For the year ended June 30 2003, the following information is applicable to the Town:

Total Number of Teachers Participating	325
Participant Contributions	\$2,367,850
On-Behalf State Payments	\$2,134,109

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003**

**Note 12 - Fund Deficits**

The Town has the following fund deficits at June 30, 2003 and expects to eliminate the deficits in the future as follows:

<u>Fund</u>	<u>Deficit June 30, 2003</u>	<u>Plan for Eliminating Debt</u>
Special Revenue Funds		
Walmart Gift Fund	\$ 810	Through future revenues
Highwood Revitalization Grant	16,575	Through future revenues
Capital Projects Funds		
Farmington Canal	792,771	Future Bond Issuances
Pardee Brook Flood		
Repair Project	49,802	Through Future Transfers or Revenues
Brooksvale Park Renovation		
and Acquisition Grant	26,759	Through Future Transfers or Revenues
Improvements to Laurel View		
Country Club	185,552	Future Bond Issuances
Newhall Environmental Studies	1,430,006	Future Bond Issuances
Private Purpose Trust Funds		
Emergency Food and Shelter	454	Future Bond Issuances
WPCA	2,963,284	Through increased sewer rates and sale of assets through regionalization of WPCA.
Wintergreen Inter-district		
Magnet School	343,201	Through future transfers or revenues
Hamden High School		
Renovation and Addition	213,293	Future Bond Issuances
Internal Service Funds		
Workers' Compensation	636,868	Through future transfers or revenues
Medical Insurance	1,420,310	Through future transfers or revenues

**Note 13 - Commitments and Contingencies**

**Lawsuits**

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

Note 13 - Commitments and Contingencies (Continued)

Contracts

The Town is contracted with a bus company for the transport of students. The future payments the Town is obligated to pay the bus company are approximately:

<u>Year Ended</u>		<u>Amount</u>
2004	\$	4,073,882
2005		4,236,837
2006		4,406,311
2007		4,619,610
2008		4,834,852
Total	\$	<u>22,171,492</u>

Risk Management and Self-Insurance

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

The Town maintains a group health self-insurance plan to pay for medical claims of current and retired Town employees and their covered dependents. Payments related to these claims are made by an outside administrator under an administrative services contract and are accounted for in the medical insurance internal service fund. The Town estimated a liability for unpaid health claims based on historical experience. The Town maintains aggregate stop-loss coverage of \$19,678,925 and \$125,000 per individual for its medical claims.

From May 1989 to June 1998, the Town carried insurance for workers' compensation claims. Prior to this and effective July 1, 1998, the Town has self-insured its workers compensation claims up to their per loss deductible of \$350,000. Payments related to these claims are made by an outside administrator under an administrative services contract and are accounted for in the workers' compensation internal service fund. The Town estimates a liability for claims payable and claims incurred but not reported based on a combination of case-by-case review and historical experience and includes incremental claim expenditures.

The Town is aware that reserves have not been set aside to cover expected claims in future years that relate to prior year inquiries. Currently, there is no actuarial study available to estimate the amount of reserves required.

Payments related to heart and hypertension administered by the Town are accounted for in the General Fund as they only related to two departments. The Town records and estimate for claims incurred but not reported for active employees; however, because all significant payments for heart and hypertension benefits are made to retirees, these are accounted for on a pay-as-you-go basis consistent with other post employment benefits. During the year ended June 30, 2003, the Town paid approximately \$833,775 to 18 retirees.

**TOWN OF HAMDEN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Note 13 - Commitments and Contingencies (Continued)**

**Risk Management and Self-Insurance (Continued)**

The Internal Service Funds' recent history of changes in the liabilities for self-insured risks is as follows:

<u>Fiscal Year Ended</u>	<u>Claims Payable July 1</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
2003	\$1,990,437	\$ 14,281,251	\$14,354,630	\$ 1,917,058
2002	1,802,559	13,262,364	13,074,486	1,990,437

**Other Post-employment Benefits**

In addition to the pension benefits described in Note 9, the Town provides post-employment health care benefits in accordance with employee bargaining agreements to all employees who retire with at least 20 years of regular service or 10 years of service for disability retirement. Currently, approximately 630 participants meet the eligibility requirements. The Town provides coverage through contract carriers for retirees over 65 and a self-insurance program for retirees under 65.

Benefits for Town retirees (including the Board of Education) are funded by the Town on a "pay-as-you-go" basis. The total amount expended in the current year for these benefits approximate \$1,128,376 (Town \$268,428 and Board of Education \$859,948).

**Municipal Solid Waste Management Services Contract**

The Town has entered into the municipal solid waste management services contract, as amended (the Service Contract) with the Connecticut Resources Recovery Authority (the Authority) pursuant to which it participates with four other Connecticut Municipalities (the five constituting the Contracting Municipalities), in the Wallingford Resource Recovery System (the System). The System consists of mass-burn solid waste, recovery resource steam and electric generation facility (the Facility) located in the Town of Wallingford, Connecticut and various improvements and facilities related thereto, including landfills. The Facility is complete and presently receiving waste from the Contracting Municipalities.

**TOWN OF HAMDEN, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**Note 13 - Commitments and Contingencies (Continued)**

**Municipal Solid Waste Management Services Contract (Continued)**

Under the Service Contract, the Town is required to deliver, or cause to be delivered to the System, solid waste generated within its boundaries up to its minimum commitment of 34,500 tons per year and to pay a uniform per ton disposal service payment (the Service Payment). The current fee is \$56 per ton. The aggregated minimum commitment of the five Contracting Municipalities is 125,000 tons per year. The Town's Service Payment commitment is a "put-or-pay" commitment in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the Town must pay the Service Payment for its full portion of the aggregate minimum commitment even if it did not deliver that full portion.

The Service Payment applicable in any contract year is calculated by estimating the net cost of operation, which is the cost of operation less revenues other than Service Payments, as such terms are defined in the Service Contract. The sum of all Service Payments and other payments from the Contracting Municipalities are required to be sufficient to pay or provide for the net cost of operations.

Service Payments shall be payable so long as the system is accepting solid waste delivered by on behalf of the Town, whether or not such solid waste is processed at the Facility. The Town has pledged its full faith and credit to the payment of Service Payments and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as maybe necessary to provide for the payment of the Service Payments.

**GENERAL FUND**

**TOWN OF HAMDEN**  
**GENERAL FUND**  
**DESCRIPTION OF FUND**  
**JUNE 30, 2003**

The general fund is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in other funds.

TOWN OF HAMDEN, CONNECTICUT

GENERAL FUND  
STATEMENT OF EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2003

	Budgeted Amounts		Actual Amounts	Final Budget - Positive(Negative)
	Original	Final		
<b>Board of Education:</b>	\$ 71,513,500	71,513,500	70,952,918	560,582
<b>General Government:</b>				
Legislative Council	\$ 1,227,931	422,926	275,239	147,687
Mayor	404,070	403,350	389,118	14,232
Elections	150,251	119,377	112,876	6,501
Finance	3,191,303	2,896,542	2,639,781	256,761
Tax Assessor	381,461	356,961	354,715	2,246
Tax Collector	454,291	447,091	440,363	6,728
Town Attorney	429,319	857,195	853,378	3,817
Town Clerk	388,695	414,245	408,274	5,971
Planning and Zoning	383,353	348,853	344,327	4,526
Personnel	268,653	242,761	223,103	19,658
Economic Development	130,646	130,646	125,427	5,219
Purchasing	845,498	769,291	702,754	66,537
Fringes	6,853,758	7,056,358	7,023,031	33,327
Probate Court	26,000	26,000	25,974	26
Board of Ethics	2,000	2,000	2,000	-
<b>Total General Government</b>	\$ 15,137,229	14,493,596	13,920,360	573,236
<b>Public Safety:</b>				
Animal Control	\$ 76,744	82,244	75,245	6,999
Police Department	9,026,875	8,852,830	8,714,677	138,153
Fire Department	8,598,367	8,598,367	8,534,288	64,079
Civil Defense and Preparedness	10,350	8,150	6,587	1,563
<b>Total Public Safety</b>	\$ 17,712,336	17,541,591	17,330,797	210,794
<b>Public Works:</b>				
Building Administration	\$ 280,108	270,908	266,343	4,565
Traffic	272,151	302,876	296,776	6,100
Public Works Department	8,143,525	8,867,498	8,867,912	(414)
Sewer Usage Charges	10,000	18,000	15,495	2,505
Engineering	515,964	482,779	470,604	12,175
<b>Total Public Works</b>	\$ 9,221,748	9,942,061	9,917,130	24,931
<b>Health and Welfare:</b>				
Elderly Services	\$ 361,100	348,065	345,543	2,522
Community Services	219,187	230,562	221,592	8,970
Youth Services	180,674	169,174	159,761	9,413
Mental Health	156,000	156,000	156,000	-
Quinnipiac Valley Health	291,636	291,636	291,636	-
Visiting Nurses Association	135,000	135,000	135,000	-
<b>Total Health and Welfare</b>	\$ 1,343,597	1,330,437	1,309,532	20,905

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

TOWN OF HAMDEN, CONNECTICUT

GENERAL FUND  
STATEMENT OF EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2003

	Budgeted Amounts		Actual Amounts	Final Budget - Positive(Negative)
	Original	Final		
<b>Culture and Recreation:</b>				
Library	\$ 1,748,504	1,690,504	1,662,372	28,132
Parks and Recreation	1,779,939	1,934,854	1,857,834	77,020
Arts Programs	75,205	62,628	62,466	162
<b>Total Culture and Recreation</b>	<b>\$ 3,603,648</b>	<b>3,687,986</b>	<b>3,582,672</b>	<b>105,314</b>
<b>Employee Benefits:</b>				
Fringes	\$ 1,732,000	1,772,342	1,750,537	21,805
<b>Total Employee Benefits</b>	<b>\$ 1,732,000</b>	<b>1,772,342</b>	<b>1,750,537</b>	<b>21,805</b>
<b>Debt Service:</b>				
Principal Retirements	\$ 5,370,584	5,370,584	4,911,296	459,288
Interest	3,643,040	3,643,040	3,350,229	292,811
<b>Total Debt Service</b>	<b>\$ 9,013,624</b>	<b>9,013,624</b>	<b>8,261,525</b>	<b>752,099</b>
<b>Total Expenditures and Encumbrances</b>	<b>\$ 129,277,682</b>	<b>129,295,137</b>	<b>127,025,471</b>	<b>2,269,666</b>

Budgetary Expenditures are different from GAAP  
Expenditures because:

State of Connecticut "on-behalf" payments to the  
Connecticut State Teachers' Retirement System  
for Town teachers are not budgeted.

2,134,109

Total Expenditures and Other Financing Uses as  
reported in the Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Funds - Exhibit D.

129,159,580

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

**NON-MAJOR GOVERNMENTAL FUNDS**

**TOWN OF HAMDEN**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**DESCRIPTION OF FUNDS**  
**JUNE 30, 2003**

**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Human Services** - is used to account for the federal and state funded programs to provide health and welfare programs.

**Culture and Recreation** - is used to account for the purpose of establishing cultural and recreational programs in Hamden.

**Public Safety** - is used to account for federal and state funds used for the purchase of equipment and operation of programs to aid public safety.

**Public Works** - is used to account for grant programs for improvements to highways, traffic islands, landscaping, signs and mowing equipment.

**Community Development** - is used to account for U. S Housing and Urban Development grants relating to the Community Development Block Grants - Entitlement Programs.

**Town Revitalization** - is used to account for funds used for various improvements of Town facilities.

**Board of Education** - is used to account for U. S. Department of Education and Connecticut Department of Education grants as well as local grants relating to education.

**General Government** - is used to account for funds used for the betterment of general governmental activities.

**CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**Farmington Canal** - is used to account for acquisition and construction of major capital facilities other than those financed by proprietary funds.

**Wintergreen Inter-district Magnet School** - is used to account for the inter-district magnet school capital project.

**Construction of Spring Glen School** - is used to account for the Spring Glen School construction project.

**TOWN OF HAMDEN**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**DESCRIPTION OF FUNDS**  
**JUNE 30, 2003**

**CAPITAL PROJECTS FUNDS** (Continued)

**Bear Path School Renovations** - is used to account for the Bear Path School renovation project.

**New Hamden Middle School** - is used to account for the construction of a new middle school.

**Other Capital Projects** - is used to account for various other capital projects.

**PERMANENT FUNDS**

**Bequest Fund** – is used to account for the following funds:

**Maude Kay Fund** – The Maude Kay Fund was established on May 10, 1946. Maude Kay, a Hamden resident, stipulated that after her estate was closed by Probate Court, \$9,530 was to be transferred to the Town of Hamden. The income is to be used for the purchase of books for the high school.

**Laurel View Trust Fund** – The Laurel View Trust Fund was established of April 6, 1992, for the purpose of facility improvements at Laurel View. Donations in excess of \$500 must be approved by Council.

**M.L. Keefe and Newhall Community Center Gift Funds** – Both gift funds were established by resolution dated November 6, 1978, for improvements to both community centers.

**Hamden Community Playground Trust Fund** – Fund was established to accept donations of money, materials, supplies and/or labor for creation of the Hamden Community Playground. Total value of each gift shall not exceed \$500.

**Camp Rainbow Fund** – This fund was set up long ago to purchase a van for special needs children, ages 5 to 21. To date, there are still insufficient funds in the account to purchase the van.

**Brooksvale Park Gift Fund** – Established September 8, 1995 to accept monetary and/or material donations in support of the animals and minor maintenance at Brooksvale Park.

**Recreation Gift Fund** – Established before 1964. Unable to locate more information. On February 13, 1964, the account had a balance of \$4,093.30. The income derives from donations of money, labor, and/or materials by various organizations.

TOWN OF HAMDEN, CONNECTICUT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003

ASSETS	Special Revenue Funds							Town Revitalization Projects
	Human Services	Culture and Recreation	Public Safety	Public Works	Community Development			
Cash and Cash Equivalents			61,060		17,195			1,163,096
Investments								
Receivables:								
Intergovernmental	8,920		52,683	24,739	144,345			7,834
Other		1,448						
Inventory								
Due From Other Funds	22,456	45,196	68,277	16,915				105,996
<b>Total Assets</b>	<u>31,376</u>	<u>46,644</u>	<u>182,020</u>	<u>41,654</u>	<u>161,540</u>			<u>1,276,926</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts Payable	2,028	18,953	820	40,518	110,441			77,422
Due To Other Funds	8,920	238	52,363		51,099			16,575
Deferred Revenue	17,822	14,190	123,837					83,859
<b>Total Liabilities</b>	<u>28,770</u>	<u>33,381</u>	<u>177,020</u>	<u>40,518</u>	<u>161,540</u>			<u>177,856</u>
<b>Fund Balances (Deficits):</b>								
Reserved For Encumbrances	381	5,883	8,943		67,844			31,468
Reserved For Inventory								
Unreserved:								
Undesignated	2,225	7,380	(3,943)	1,136	(67,844)			1,067,602
<b>Total Fund Balances (Deficits)</b>	<u>2,606</u>	<u>13,263</u>	<u>5,000</u>	<u>1,136</u>	<u>-</u>			<u>1,099,070</u>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<u>31,376</u>	<u>46,644</u>	<u>182,020</u>	<u>41,654</u>	<u>161,540</u>			<u>1,276,926</u>

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

TOWN OF HAMDEN, CONNECTICUT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003

ASSETS	Special Revenue Funds			Capital Projects Funds			
	Board of Education	General Government	Total	Farmington Canal	Wintergreen Interdistrict Magnet School	Construction of Spring Glen School	
Cash and Cash Equivalents	\$ 684,869		1,926,220		60,016	3,888,141	
Investments							
Receivables:							
Intergovernmental	202,287		440,808	87,054	499,025		
Other		807	2,255				
Inventory	13,609		13,609				
Due From Other Funds		50,372	309,212				
<b>Total Assets</b>	<b>\$ 900,765</b>	<b>51,179</b>	<b>2,692,104</b>	<b>87,054</b>	<b>559,041</b>	<b>3,888,141</b>	
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts Payable		3,380	253,562	4,005		1,679,360	
Due To Other Funds			129,195	856,483	902,587	266,901	
Deferred Revenue	362,377	45,106	647,191	19,337			
<b>Total Liabilities</b>	<b>\$ 362,377</b>	<b>48,486</b>	<b>1,029,948</b>	<b>879,825</b>	<b>902,587</b>	<b>1,946,261</b>	
<b>Fund Balances (Deficits):</b>							
Reserved For Encumbrances		31,084	145,603	79,212	1,463	2,001,584	
Reserved For Inventory Unreserved:	13,609		13,609				
Undesignated	524,779	(28,391)	1,502,944	(871,983)	(345,009)	(59,704)	
<b>Total Fund Balances (Deficits)</b>	<b>\$ 538,388</b>	<b>2,693</b>	<b>1,662,156</b>	<b>(792,771)</b>	<b>(343,546)</b>	<b>1,941,880</b>	
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 900,765</b>	<b>51,179</b>	<b>2,692,104</b>	<b>87,054</b>	<b>559,041</b>	<b>3,888,141</b>	

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

TOWN OF HAMDEN, CONNECTICUT

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003

ASSETS	Capital Projects Fund				Total	Permanent Fund Bequest Fund	Total
	Bear Path School Renovations	New Hamden Middle School	Other Capital Projects	Total			
	Cash and Cash Equivalents	\$ 1,851,959	4,326,583	297,124			
Investments				-		-	
Receivables:							
Intergovernmental			588,275	1,174,354		1,615,162	
Other						2,255	
Inventory						13,609	
Due From Other Funds	2,046,720		1,131,277	3,177,997		3,487,209	
<b>Total Assets</b>	<b>\$ 3,898,679</b>	<b>4,326,583</b>	<b>2,016,676</b>	<b>14,776,174</b>	<b>12,783</b>	<b>17,481,061</b>	
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts Payable	\$ 1,041,715	218,311	57,124	3,000,515		3,254,077	
Due To Other Funds		784,226	2,628,222	5,438,419	432	5,568,046	
Deferred Revenue			77,670	97,007		744,198	
<b>Total Liabilities</b>	<b>\$ 1,041,715</b>	<b>1,002,537</b>	<b>2,763,016</b>	<b>8,535,941</b>	<b>432</b>	<b>9,566,321</b>	
<b>Fund Balances (Deficits):</b>							
Reserved For Encumbrances	\$ 3,208,817	2,210,455	713,924	8,215,455		8,361,058	
Reserved For Inventory						13,609	
Unreserved:							
Undesignated	(351,853)	1,113,591	(1,460,264)	(1,975,222)	12,351	(459,927)	
<b>Total Fund Balances (Deficits)</b>	<b>\$ 2,856,964</b>	<b>3,324,046</b>	<b>(746,340)</b>	<b>6,240,233</b>	<b>12,351</b>	<b>7,914,740</b>	
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 3,898,679</b>	<b>4,326,583</b>	<b>2,016,676</b>	<b>14,776,174</b>	<b>12,783</b>	<b>17,481,061</b>	

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

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003

	Special Revenue Funds						Town Revitalization Projects
	Human Services	Culture and Recreation	Public Safety	Public Works	Community Development		
<b>Revenues:</b>							
Intergovernmental	\$ 244,807	509,425	44,633	24,739	570,026	460,474	
Charges for Services	99,714						
Investment Earnings			277			19,529	
Other	800	23,457	97,974	10,716		10,000	
<b>Total Revenues</b>	<b>\$ 345,321</b>	<b>532,882</b>	<b>142,884</b>	<b>35,455</b>	<b>570,026</b>	<b>490,003</b>	
<b>Expenditures:</b>							
Education	\$	6,310					
General Government							
Public Safety			89,912				
Public Works				24,095			
Health and Welfare							
Culture and Recreation	344,521	517,131					
Community Development					570,026	252,289	
Capital Outlay			47,972	25,939		431,252	
Bond Issuance Costs							
<b>Total Expenditures</b>	<b>\$ 344,521</b>	<b>523,441</b>	<b>137,884</b>	<b>50,034</b>	<b>570,026</b>	<b>683,541</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 800</b>	<b>9,441</b>	<b>5,000</b>	<b>(14,579)</b>	<b>-</b>	<b>(193,538)</b>	

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

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003

	Special Revenue Funds					
	Human Services	Culture and Recreation	Public Safety	Public Works	Community Development	Town Revitalization Projects
Other Financing Sources (Uses):						
Long-Term Debt Issued			868			
Transfers In			868			
<b>Total Other Financing Sources (Uses)</b>			868			
<b>Net Changes in Fund Balances (Uses)</b>		9,441	5,868	(14,579)	-	(193,538)
<b>Fund Balance - Beginning</b>	1,806	3,822	(868)	15,715	-	1,292,608
Adjustment to Beginning Fund Balance	-	-	-	-	-	-
<b>Fund Balance - Beginning - Restated</b>	1,806	3,822	(868)	15,715	-	1,292,608
<b>Fund Balances - Ending</b>	2,606	13,263	5,000	1,136	-	1,099,070

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

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003

	Special Revenue Funds			Capital Projects Funds		
	Board of Education	General Government	Total	Farmington Canal	Wintergreen Interdistrict Magnet School	Construction of Spring Glen School
<b>Revenues:</b>						
Intergovernmental Charges for Services	\$ 3,357,717	10,000	5,221,821	59,995		8,734,415
Investment Earnings	1,188,021		1,287,735			
Other	154	19,960	19,960			
	126,892	24,992	294,831			
<b>Total Revenues</b>	\$ 4,672,784	34,992	6,824,347	59,995	-	8,734,415
<b>Expenditures:</b>						
Education	\$ 4,531,020		4,537,330			
General Government		35,603	35,603			
Public Safety			89,912			
Public Works			24,095			
Health and Welfare			344,521			
Culture and Recreation			517,131			
Community Development			822,315			
Capital Outlay			505,163	169,066	345	10,760,919
Bond Issuance Costs			-			37,468
<b>Total Expenditures</b>	\$ 4,531,020	35,603	6,876,070	169,066	345	10,798,387
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 141,764	(611)	(51,723)	(109,071)	(345)	(2,063,972)

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

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003

	Special Revenue Funds				Capital Projects Funds		
	Board of Education	General Government	Total	Farmington Canal	Wintergreen Interdistrict Magnet School	Construction of Spring Glen School	
<b>Other Financing Sources (Uses):</b>							
Long-Term Debt Issued	\$ -		-			5,895,000	
Transfers In			868				
<b>Total Other Financing Sources (Uses)</b>	\$ -	-	868	-	-	5,895,000	
<b>Net Changes in Fund Balances (Uses)</b>	\$ 141,764	(611)	(50,855)	(109,071)	(345)	3,831,028	
<b>Fund Balance - Beginning</b>	\$ 271,609	3,304	1,587,996	(683,700)	(343,201)	(1,889,148)	
Adjustment to Beginning Fund Balance	125,015	-	125,015	-	-	-	
<b>Fund Balance - Beginning - Restated</b>	\$ 396,624	3,304	1,713,011	(683,700)	(343,201)	(1,889,148)	
<b>Fund Balances - Ending</b>	\$ 538,388	2,693	1,662,156	(792,771)	(343,546)	1,941,880	

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

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003

	Capital Projects Fund				Permanent Fund
	Bear Path School Renovations	New Hamden Middle School	Other Capital Projects	Total	
<b>Revenues:</b>					
Intergovernmental Charges for Services	\$ 7,271,862		1,327,384	17,393,656	22,615,477
Investment Earnings			-	-	1,287,735
Other			69,813	69,813	20,145
<b>Total Revenues</b>	\$ 7,271,862	-	1,397,197	17,463,469	24,288,001
<b>Expenditures:</b>					
Education					4,537,380
General Government			193,678	193,678	229,281
Public Safety					89,912
Public Works			100	100	24,195
Health and Welfare					344,521
Culture and Recreation					517,131
Community Development					822,315
Capital Outlay	8,851,194	772,421	3,305,583	23,859,528	24,364,691
Bond Issuance Costs	17,034	29,237	2,065	85,804	85,804
<b>Total Expenditures</b>	\$ 8,868,228	801,658	3,501,426	24,139,110	31,015,230
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ (1,596,366)	(801,658)	(2,104,229)	(6,675,641)	135

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

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003

	Capital Projects Fund				Permanent Fund
	Bear Path School Renovations	New Hamden Middle School	Other Capital Projects	Total	
<b>Other Financing Sources (Uses):</b>					
Long-Term Debt Issued	\$ 2,680,000	4,600,000		13,175,000	13,175,000
Transfers In				-	868
<b>Total Other Financing Sources (Uses)</b>	\$ 2,680,000	4,600,000	-	13,175,000	13,175,868
<b>Net Changes in Fund Balances (Uses)</b>	\$ 1,083,634	3,798,342	(2,104,229)	6,499,359	6,448,639
<b>Fund Balance - Beginning</b>	\$ 1,773,330	(474,296)	1,357,889	(259,126)	1,341,086
Adjustment to Beginning Fund Balance					125,015
<b>Fund Balance - Beginning - Restated</b>	\$ 1,773,330	(474,296)	1,357,889	(259,126)	1,466,101
<b>Fund Balances - Ending</b>	\$ 2,856,964	3,324,046	(746,340)	6,240,233	7,914,740

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

**FIDUCIARY FUNDS**

**TOWN OF HAMDEN**  
**FIDUCIARY FUNDS**  
**DESCRIPTION OF FUNDS**  
**JUNE 30, 2003**

**FIDUCIARY FUNDS**

Trust and Agency Funds are used to account for assets held in a trustee capacity for others and include Pension Trusts, Expendable Trusts, Non-expendable Trust and Agency Funds.

**Pension Trust Fund** - utilize the accrual basis of accounting and are used for the accumulation of resources to be used for retirement benefits under the Employees' Retirement Plan of the Town of Hamden.

**Private Purpose Trust Funds** - utilize the modified accrual basis of accounting and are used for various purposes. No restrictions have been placed on these funds by the donors. The Town's Private Purpose Trust Funds are listed below:

Library Gift Fund  
Hamden Arts Commission

**Agency Funds** - utilize the modified accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and are used to account for student activities and deferred compensation plans. The Town's Agency Funds are listed below:

Student Activity  
Performance Bonds  
Adult Activity

TOWN OF HAMDEN, CONNECTICUT  
COMBINING STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2003

	Pension Trust Fund	Private Purpose Trust Funds			Total
		Employee Retirement	Library Gift Fund	Hamden Arts Commission	
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 2,408,770				172,108
Investments	83,614,950	66,985	59,310	45,813	-
Interest Receivable	324,308				-
Other Receivables	564,469				-
Prepaid Expenses	14,617				-
Due From Other Funds					-
<b>Total Assets</b>	<u>\$ 86,927,114</u>	<u>66,985</u>	<u>59,310</u>	<u>51,628</u>	<u>51,628</u>
				<u>97,441</u>	<u>223,736</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Accrued Liabilities	\$ 703,112			1,187	1,187
Deferred Revenue				16,589	16,589
Due To Other Funds				5,115	5,115
Other Liabilities					-
<b>Total Current Liabilities</b>	<u>\$ 703,112</u>	<u>-</u>	<u>-</u>	<u>22,891</u>	<u>22,891</u>
<b>Net Assets:</b>					
Held In Trust For Pension Benefits Reserved for Encumbrances	\$ 86,224,002			1,425	1,425
Unrestricted and Undesignated		66,985	59,310	73,125	199,420
<b>Total Net Assets</b>	<u>\$ 86,224,002</u>	<u>66,985</u>	<u>59,310</u>	<u>74,550</u>	<u>200,845</u>

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

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2003

	Agency Funds				Total Fiduciary Funds
	Student Activity	Adult Activity	Performance Bonds	Total	
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 150,428	60,893	1,125,185	1,336,506	3,917,384
Investments				-	83,614,950
Interest Receivable				-	324,308
Other Receivables				-	564,469
Prepaid Expenses				-	14,617
Due From Other Funds			161,697	161,697	213,325
<b>Total Assets</b>	<u>\$ 150,428</u>	<u>60,893</u>	<u>1,286,882</u>	<u>1,498,203</u>	<u>88,649,053</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Accrued Liabilities	\$ -	-	-	-	704,299
Deferred Revenue				-	16,589
Due To Other Funds		36,390		36,390	41,505
Other Liabilities	150,428	24,503	1,286,882	1,461,813	1,461,813
<b>Total Current Liabilities</b>	<u>\$ 150,428</u>	<u>60,893</u>	<u>1,286,882</u>	<u>1,498,203</u>	<u>2,224,206</u>
<b>Net Assets:</b>					
Held In Trust For Pension Benefits	\$ -	-	-	-	86,224,002
Reserved for Encumbrances				-	1,425
Unrestricted and Undesignated				-	199,420
<b>Total Net Assets</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,424,847</u>

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

TOWN OF HAMDEN, CONNECTICUT  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**TRUST AND AGENCY FUNDS**  
JUNE 30, 2003

	Pension Trust Fund	Private Purpose Trust Funds			Total Fiduciary Funds
		Employee Retirement	Library Gift Fund	Hamden Arts Commission	
<b>Additions:</b>					
Contributions:					
Employer Contributions From General Fund	\$ 905,852				905,852
Employee Contributions	1,679,370				1,679,370
Total Contributions	\$ 2,585,222				2,585,222
Investment Income:					
Net Depreciation in Fair Value of Investments	\$ (608,446)				(608,446)
Interest and Dividends	2,948,251	1,005	158	426	2,949,840
Other Income		77,722	46,637	86,677	211,036
Total Investment Income	\$ 2,339,805	78,727	46,795	87,103	2,552,430
Less, Investment Expenses:					
Investment Management Fees	\$ 443,571				443,571
Net Investment Income or (Loss)	\$ 1,896,234	78,727	46,795	87,103	2,108,859
Total Additions	\$ 4,481,456	78,727	46,795	87,103	4,694,081
Deductions:					
Benefits and Other Deductions	\$ 11,343,223	94,654	35,884	78,587	11,552,348
Net Change in Net Assets	\$ (6,861,767)	(15,927)	10,911	8,516	(6,858,267)
Net Assets - Beginning	93,085,769	82,912	48,399	66,034	93,283,114
Net Assets - Ending	\$ 86,224,002	66,985	59,310	74,550	86,424,847

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

**INTERNAL SERVICE FUNDS**

**TOWN OF HAMDEN  
INTERNAL SERVICE FUNDS  
DESCRIPTION OF FUNDS  
JUNE 30, 2003**

**INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the town on a cost-reimbursement basis.

**Workers' Compensation** - is used to account for the Town's self-insured workers' compensation program.

**Medical Insurance** - is used to account for the Town's self-insured medical and dental insurance programs.

**TOWN OF HAMDEN, CONNECTICUT**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2003**

	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Medical</u> <u>Insurance</u> <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 17,572		17,572
Other Receivables	59,884	700,000	759,884
Due From Other Funds	5,299		5,299
<b>Total Current Assets</b>	<u>\$ 82,755</u>	<u>700,000</u>	<u>782,755</u>
<b>Total Assets</b>	<u>\$ 82,755</u>	<u>700,000</u>	<u>782,755</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Cash Overdraft	\$	884,270	884,270
Accounts Payable	38,605		38,605
Claims Incurred But Not Reported	681,018	1,236,040	1,917,058
<b>Total Current Liabilities</b>	<u>\$ 719,623</u>	<u>2,120,310</u>	<u>2,839,933</u>
<b>Total Liabilities</b>	<u>\$ 719,623</u>	<u>2,120,310</u>	<u>2,839,933</u>
<b>NET ASSETS</b>			
Deficit	\$ (636,868)	(1,420,310)	(2,057,178)
<b>Total Net Assets</b>	<u>\$ (636,868)</u>	<u>(1,420,310)</u>	<u>(2,057,178)</u>

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

## TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES AND EXPENSES  
INTERNAL SERVICE FUNDS  
JUNE 30, 2003

	<u>Workers' Compensation Fund</u>	<u>Medical Insurance Fund</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges For Services	\$ <u>745,082</u>	<u>14,855,962</u>	<u>15,601,044</u>
<b>OPERATING EXPENSES:</b>			
Claims Expense	\$ <u>914,444</u>	<u>15,395,849</u>	<u>16,310,293</u>
<b>Operating Income (Loss)</b>	\$ <u>(169,362)</u>	<u>(539,887)</u>	<u>(709,249)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Investment Earnings	\$ <u>620</u>	<u>6,193</u>	<u>6,813</u>
<b>Change In Net Assets</b>	\$ <u>(168,742)</u>	<u>(533,694)</u>	<u>(702,436)</u>
<b>Net Assets - Beginning</b>	<u>(468,126)</u>	<u>(886,616)</u>	<u>(1,354,742)</u>
<b>Net Assets - Ending</b>	\$ <u><u>(636,868)</u></u>	<u><u>(1,420,310)</u></u>	<u><u>(2,057,178)</u></u>

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

## TOWN OF HAMDEN, CONNECTICUT

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2003**

	<b>Workers' Compensation Fund</b>	<b>Medical Insurance Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Receipts From Customers and Users	\$ 679,899	14,665,719	15,345,618
Cash Payments for Claims and Fees	(758,771)	(14,743,450)	(15,502,221)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ (78,872)</b>	<b>(77,731)</b>	<b>(156,603)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment Income	\$ 620	6,193	6,813
<b>Net Cash Provided By Investing Activities</b>	<b>\$ 620</b>	<b>6,193</b>	<b>6,813</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>\$ (78,252)</b>	<b>(71,538)</b>	<b>(149,790)</b>
<b>Cash and Cash Equivalents - Beginning</b>	<b>95,824</b>	<b>71,538</b>	<b>167,362</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 17,572</b>	<b>-</b>	<b>17,572</b>
<b>Reconciliation Of Operating Income To Net Cash Provided (Used) By Operating Activities:</b>			
Operating Income or (Loss) from Operations	\$ (169,362)	(539,887)	(709,249)
Adjustment to Reconcile Operating Loss to Net Cash Used in Operating Activities:			
Changes in Assets and Liabilities:			
(Increase) Decrease in Other Receivables	(65,183)	(190,243)	(255,426)
Increase (Decrease) in Cash Overdraft		884,270	884,270
Increase (Decrease) in Accounts Payable	(2,819)		(2,819)
Increase (Decrease) in Claims Liabilities	158,492	(231,871)	(73,379)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ (78,872)</b>	<b>(77,731)</b>	<b>(156,603)</b>

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

SCHEDULE 9

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY  
AS OF JUNE 30, 2003

	Land and Improvements	Buildings	Furniture, Fixtures, Vehicles and Equipment	Construction In Progress	Infrastructure	Total
General Government	\$ 6,169,160	5,139,700	309,720			11,618,580
Board of Education	4,667,728	64,065,793	3,155,020	27,609,330		99,497,871
Public Works	1,098,120	747,569	3,328,940		79,895,958	85,070,587
Health and Welfare		644,800	31,300			676,100
Public Safety	185,851	688,392	5,167,207	99,903		6,141,353
Cultural and Recreation	<u>342,891</u>	<u>7,277,995</u>	<u>1,540,362</u>			<u>9,161,248</u>
<b>Total Capital Assets</b>	<b>\$ <u>12,463,750</u></b>	<b><u>78,564,249</u></b>	<b><u>13,532,549</u></b>	<b><u>27,709,233</u></b>	<b><u>79,895,958</u></b>	<b><u>212,165,739</u></b>

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

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY  
AS OF JUNE 30, 2003

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30 2003</u>
General Government	\$ 10,968,674	672,306	22,400	11,618,580
Board of Education	77,108,320	24,389,011	1,999,460	99,497,871
Public Works	84,003,442	1,405,145	338,000	85,070,587
Health and Welfare	676,100			676,100
Public Safety	6,020,678	147,875	27,200	6,141,353
Cultural and Recreation	<u>9,067,673</u>	<u>192,575</u>	<u>99,000</u>	<u>9,161,248</u>
<b>Total Capital Assets</b>	<b>\$ <u>187,844,887</u></b>	<b><u>26,806,912</u></b>	<b><u>2,486,060</u></b>	<b><u>212,165,739</u></b>

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

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF DEBT LIMITATION  
YEAR ENDED JUNE 30, 2003

Total Tax Collections (Including Interest and Lien Fees) For The Year Ended June 30, 2003	\$	92,534,064							
Reimbursement For Revenue Loss On: Elderly Tax Relief		67,962							
<b>Base</b>	<b>\$</b>	<b>92,602,026</b>							
<b>Debt Limitation:</b>									
2 1/4 Times Base	\$	208,354,559							208,354,559
4 1/2 Times Base		416,709,117							416,709,117
3 3/4 Times Base			347,257,598						347,257,598
3 1/4 Times Base				300,956,585					300,956,585
3 Times Base					277,806,078				277,806,078
<b>Total Debt Limitation</b>	<b>\$</b>	<b>208,354,559</b>	<b>416,709,117</b>	<b>347,257,598</b>	<b>300,956,585</b>	<b>277,806,078</b>			<b>1,551,083,937</b>
<b>Indebtedness:</b>									
Bonds Payable	\$	24,449,775							24,449,775
Clean Water Debt		51,646							51,646
Bonds Authorized and Unissued		4,435,000							4,435,000
<b>Total Indebtedness of the City</b>	<b>\$</b>	<b>28,936,421</b>	<b>106,994,797</b>	<b>5,912,975</b>	<b>-</b>	<b>-</b>			<b>141,844,193</b>
<b>Less: School Construction and Grants</b>			(23,880,623)						(23,880,623)
<b>Total Indebtedness</b>	<b>\$</b>	<b>28,936,421</b>	<b>83,114,174</b>	<b>5,912,975</b>	<b>-</b>	<b>-</b>			<b>117,963,570</b>
<b>Debt Limitation In Excess of Outstanding and Authorized Debt</b>	<b>\$</b>	<b>179,418,138</b>	<b>333,594,943</b>	<b>341,344,623</b>	<b>300,956,585</b>	<b>277,806,078</b>			<b>1,433,120,367</b>

In no case shall indebtedness exceed seven times the base amount (\$648,214,182).

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

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF PROPERTY TAXES  
FOR THE YEAR ENDED JUNE 30, 2003

	Balance Uncollected June 30, 2002 and Current List	Lawful Correction		Transfers To/From Suspense	Adjusted Balance To Be Collected	Cash Collections			Total	Balance Uncollected June 30, 2003
		Additions	(Deletions)			Tax	Interest	Lien Fee		
1987	\$ (28,169)	-	-		(28,169)	126			126	(28,295)
1988	(11,606)	-	-		(11,606)	660			660	(12,266)
1989	15,547	667			16,214	891			891	15,323
1990	30,716	-			30,716	327	348		675	30,389
1991	37,676	156			37,832	1,338	252		1,590	36,494
1992	38,414	-			38,414	(1,203)			(1,203)	39,617
1993	46,332	-			46,332	1,639	857		2,496	44,693
1994	53,391	139			53,530	1,604	88		1,692	51,926
1995	69,490	336			69,826	1,362	86		1,448	68,464
1996	75,203	-			75,203	4,305	2,292	24	6,621	70,898
1997	53,993	-			53,993	17,868	12,595	312	30,775	36,125
1998	153,519	2,286			155,805	93,939	52,851	1,638	148,428	61,866
1999	675,036	-			352,673	257,961	88,641	1,896	348,498	94,712
2000	1,765,778	-			1,667,635	1,110,020	202,593	7,374	1,319,987	557,615
Prior Years \$	2,975,320	3,584			2,558,398	1,490,837	360,603	11,244	1,862,684	1,067,561
2001	92,343,168	-			92,046,434	90,301,823	369,173	384	90,671,380	1,744,611
	\$ 95,318,488	3,584			94,604,832	91,792,660	729,776	11,628	92,534,064	2,812,172

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

TOWN OF HAMDEN

SCHEDULE OF SPECIAL ASSESSMENTS LEVIED, COLLECTED AND OUTSTANDING  
FOR THE YEAR ENDED JUNE 30, 2003

District	Balance Uncollected July 1, 2002	Adjustments	Additional Assessments	Adjusted Balance To Collect	Collections			Balance Uncollected July 1, 2003
					Assessment	Interest	Fees	
Farmbrook	\$ 2,683			2,683	929	2	3,614	-
Evergreen - Shepard	10,814			10,814	84		1,300	9,598
Dunbar Hill	21,960			21,960	3,727	2	12,121	13,568
	35,457	-	-	35,457	4,740	4	17,035	23,166

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

TOWN OF HAMDEN

SCHEDULE OF CAPITAL PROJECT EXPENDITURES  
COMPARED WITH PROJECT AUTHORIZATION  
FOR THE YEAR ENDED JUNE 30, 2003

Project	Project Authorization	Expenditures During Year	Cumulative	Balance June 30, 2003
Hamden High School Renovations/Additions	\$ 44,471,500	44,710	44,358,936	112,564
Energy Conversion - BOE Ordinance #386	99,000	832	53,262	45,738
Hamden School Systems Capital Improvements	530,000	11,304	515,245	14,755
Miller Complex Roof Replacement & Renovations	1,955,000	15,448	1,641,915	313,085 <sup>2.</sup>
Hamden Industrial Park	94,136		30,249	63,887 <sup>ak</sup>
Thorpe Drive Moratorium Fund	651,326	51,331	343,989	307,337 <sup>2.</sup>
Town Road Aid	226,664	229,626	229,626	(2,962) <sup>2.</sup>
Computer System Improvements	640,000	1,011	635,460	4,540
Hamden Ice Rink Renovations	2,900,000	150,719	1,594,183	1,305,817
Wintergreen Magnet School	15,000,000	344	14,850,653	149,347
Brooksvale Park Trail	2,000	1,593	1,990	10
Center One Government Center	6,000,000	672,306	5,355,496	644,504
Brooksvale Park Renovation	400,000	27,119	249,591	150,409
Farm Brook Diversion Project	350,000		238,710	111,290 <sup>2.</sup>
Farmington Canal	5,736,174	169,066	5,272,466	463,708
Local Capital Improvements:				-
Bassett Park Dog Run	19,252	4,390	19,252	-
Computer Equipment	43,413		43,173	240
Conservation & Development	60,000	60,000	60,000	-
Newhall Community Center Renovation IV	14,092	565	14,092	-
M.L. Keefe Center Renovation	227,000	44,306	53,766	173,234
M.L. Keefe Elevator Project	20,000	10,800	10,800	9,200
Roof Replacement at Police Storage Area	15,000	15,000	15,000	-
Police Security Storage Area	60,000	59,640	60,000	-
Epoxy Crosswalk Project	80,000		79,564	436
2003 Epoxy Crosswalk Project	34,000	25,724	25,724	8,276
LED Traffic Signals - Phase II	39,950		39,950	-
Probate Fire Door	1,800	732	1,800	-
Bus Shelter Improvements	10,000	6,773	8,573	1,427
Municipal Parking & Traffic Island Improvements	16,865	400	16,865	-
Street Paving & Parking Lot Improvements	250,000	7,103	250,000	-
Fuel Master System	40,010	795	40,010	-
Emergency Generator - Police	44,000	44,000	44,000	-
Police Substation	16,000	15,449	15,449	551
Part IV - Development & Conservation	50,000			50,000
Moretti Soccer Field Irrigation	35,000			35,000
Vo-ed Building Renovation	189,224	478	188,014	1,210
Brooksvale Park Building Materials	37,530		37,490	40
Brooksvale Park Improvements	30,000	19,871	30,000	-
Ice Rink Roof Repair	10,000	10,000	10,000	-
Mix Avenue Tennis Courts Renovations	200,000	198,156	198,282	1,718
Sound System & Generator	3,925		3,925	-
Ridge Hill School Energy Conservation #381	1,696,510	136,232	1,556,689	139,821
Spring Glen School Renovation #381	599,666		597,776	1,890

TOWN OF HAMDEN

SCHEDULE OF CAPITAL PROJECT EXPENDITURES  
COMPARED WITH PROJECT AUTHORIZATION  
FOR THE YEAR ENDED JUNE 30, 2003

<u>Project</u>	<u>Project Authorization</u>	<u>Expenditures During Year</u>	<u>Cumulative</u>	<u>Balance June 30, 2003</u>
Helen Street School & Hamden Middle School Renovations #381	\$ 150,000	6,020	47,020	102,980
Hamden High School Ventilation #381	38,652	28,200	28,200	10,452
Road Improvements - Traffic Department - Ordinance #381	200,000		96,207	103,793
School System Capital Improvement Program - Ordinance #390	1,518,601	24,683	1,488,503	30,098
Improvements to Hamden H.S. Field and Facilities #392	3,800,000	423,785	3,586,071	213,929
Revaluation of Real Property Grand List #394	1,100,000	(465)	1,099,945	55
Town Capital Improvement Program Ordinance #397	738,500	30,576	712,074	26,426
Bear Path School Architect Fees and Pre-construction Costs	175,000		172,276	2,724
Improvement to Bear Path School	14,280,000	8,868,228	10,094,898	4,185,102
Hamden Middle School Architect Fees and Pre-construction Costs	200,000	60,251	174,906	25,094
Hamden Middle School Geotechnical and Environmental Testing	1,500,000	146,168	1,491,227	8,773
Construction of Spring Glen School	16,375,000	10,798,386	12,687,534	3,687,466
Reconstruction of Shepard Avenue	100,000		10,000	90,000 <i>ok</i>
Tuttle Avenue Bridge	133,915	43,221	65,632	68,283 <i>corrected ok</i>
Town Capital Improvements Ordinance #419	1,010,000	75,390	847,014	162,986
Town Capital Improvements Ordinance #444	1,835,668	345,337	926,411	909,257
2002 - 03 Capital Improvements #477	3,650,000	1,370,761	1,370,761	2,279,239
2002 - 03 Capital Improvements Phase II #482	830,000			830,000
Regional Capital Development	229,500	72,477	229,500	-
Newhall Street Environmental Studies	1,550,000	996,166	1,429,998	120,002
Pardee Brook Flood Repair Project	80,000	26,508	79,100	900 <i>ok</i>
New Hamden Middle School	43,995,000	801,658	1,275,953	42,719,047
Police & Fire Headquarter Feasibility Study	200,000	99,903	99,903	100,097
X Laurel View Country Club Improvements	210,000	185,552	185,552	24,448 <i>ok</i>
Capital Lease Acquisitions	261,233	261,233	261,233	-
<b>Total</b>	<b>\$ 177,060,106</b>	<b>26,699,861</b>	<b>117,251,883</b>	<b>59,808,223</b>

TOWN OF HAMDEN

TRANSPORTATION PROGRAM FOR THE ELDERLY  
 STATEMENT OF REVENUES AND EXPENSES  
JUNE 30, 2003

**Revenues:**

Town of Hamden Budget	\$ 207,724
Passenger Donations	3,307
<b>Total Revenues</b>	<b>\$ <u>211,031</u></b>

**Expenses:**

**Salaries and Benefits:**

Salaries	\$ 116,508
Benefits	69,905
<b>Total Salaries and Benefits</b>	<b>\$ <u>186,413</u></b>

**Operating Expenses:**

Insurance	\$ 6,933
Vehicle Maintenance	4,634
Fuel	7,744
Administrative Expenses	2,000
<b>Total Operating Expenses</b>	<b>\$ <u>21,311</u></b>

<b>Total Expenses</b>	<b>\$ <u>207,724</u></b>
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The notes to the financial statements are an integral part of this statement.