

TOWN OF HAMDEN, CONNECTICUT

FINANCIAL REPORT

JUNE 30, 2004



TOWN OF HAMDEN, CONNECTICUT

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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, 2004, 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 99 percent of the assets and 98 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.

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, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund 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 December 17, 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 14 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We, and the other auditors, 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

December 17, 2004



TOWN OF HAMDEN

FINANCE DIRECTOR

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Finance Director

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MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2004

As management of the Town of Hamden, Connecticut we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town of Hamden for the fiscal year ended June 30, 2004.

Financial Points of Interest

- On a government-wide basis, the net assets of the Town of Hamden exceed its liabilities at June 30, 2004 by \$32,711,352. Net assets for Governmental Activities were \$38,960,149 and net assets for Business-Type Activities were (\$6,248,797). Of the Town's total net assets, (\$73,918,711) is unrestricted.
- During the current year on a government-wide basis, total net assets decreased by \$24,467,108. Net assets decreased \$23,029,289 for Governmental Activities and decreased \$1,437,819 for Business-Type Activities. Government-wide net expenses were \$149,808,895 and government-wide general revenues were \$125,341,787.
- At June 30, 2004 the Town of Hamden's governmental funds reported combined ending fund balances of negative \$1,619,951. This is a decrease of \$18,698,776 over the prior year. When the Town permanently finances its capital projects, we will have a corresponding increase in fund balance.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,344,221 or 2.4% of the fiscal year 2005 adopted budget.
- No new debt was issued during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Hamden's basic financial statements. The basic financial statements are comprised of three (3) components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains other supplementary information as well as the basic financial statements.

The Town has also elected to delay retroactive reporting of general government infrastructure assets acquired after June 30, 1980 to the period ending June 30, 2006 as allowed under GASB 34.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Hamden's finances, in a manner similar to private-sector business. The government-wide statements depict a more thorough accounting of the cost of government because of the presentation of both long and short-term information about the Town's assets and liabilities.

The statement of net assets presents information on all of the Town of Hamden's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Town's financial health. Other nonfinancial events such as the impact of changes in the Town's tax base or infrastructure should also be considered when evaluating the Town's financial health.

The statement of activities presents information showing how the government's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is actually received or paid. Therefore, revenue and expenses are reported in this statement for some items whose cash flow may occur in a future fiscal period. Taxes uncollected but earned or vacation leave unused but earned are examples of this.

Both of the government-wide financial statements distinguish functions of the Town of Hamden that are principally supported by taxes and inter-governmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Hamden include general government, public works, public safety, health and welfare, culture and recreation, education, employee benefits, community development, and interest on long-term debt. The business-type activities of the Town of Hamden include the Water Pollution Control Authority and Internal Service Funds (Insurances).

The government-wide financial statements can be found on pages 15-18 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Hamden, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Hamden can be divided into three (3) categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The Town of Hamden maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and Capital Projects fund, both of which are considered to be major funds. The remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 60-67 of this report.

The Town of Hamden adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 19-21 of this report.

Proprietary funds – The Town of Hamden uses enterprise funds to report the functions presented as business-type activities in the government-wide financial statements. The Town of Hamden uses enterprise funds to report the activities of the Water Pollution Control Authority and Internal Service funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on page 24-26 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Hamden’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on pages 27-28 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-57 of this report.

Other Information

In addition to the basic financial statements, the accompanying notes present certain required supplemental information concerning the Town of Hamden’s progress in funding its obligation to provide pension benefits to employees. This and other required supplementary information can be found in note 12 on page 48-52 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of the government's financial position. At the close of the current fiscal year, net assets exceeded liabilities by \$32,711,352.

The largest portion of the Town of Hamden's net assets is reflected in the investment in capital assets. Capital assets include land and improvements, buildings, machinery and equipment, infrastructure and construction in progress, less any related debt used to acquire those assets that is still outstanding. Governmental activities capital assets do not include all of the historical cost of infrastructure (roads, sidewalks or bridges). Infrastructure items will be fully included in the financial reports for the year ending June 30, 2006.

Town of Hamden, Connecticut Net Assets June 30, 2004 and 2003

	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 50,030,200	79,634,760	\$ (4,316,680)	2,453,688	\$ 45,713,520	82,088,448
Capital assets	184,975,799	178,641,789	4,577,058	6,868,756	189,552,857	185,510,545
Total assets	<u>235,005,999</u>	<u>258,276,549</u>	<u>260,378</u>	<u>9,322,444</u>	<u>235,266,377</u>	<u>267,598,993</u>
Current Liabilities	31,714,264	32,149,326	1,004,305	6,321,572	32,718,569	38,470,898
Long-term liabilities	164,331,586	155,818,308	5,504,870	5,964,156	169,836,456	161,782,464
Total liabilities	<u>196,045,850</u>	<u>187,967,634</u>	<u>6,509,175</u>	<u>12,285,728</u>	<u>202,555,025</u>	<u>200,253,362</u>
Net Assets:						
Invested in capital assets, net of related debt	102,073,551	90,716,516	4,531,460	5,844,848	106,605,011	96,561,364
Restricted	25,052	9,204,339			25,052	9,204,339
Unrestricted	<u>(63,138,454)</u>	<u>(29,611,940)</u>	<u>(10,780,257)</u>	<u>(8,808,132)</u>	<u>(73,918,711)</u>	<u>(38,420,072)</u>
Total net assets	\$ <u>38,960,149</u>	\$ <u>70,308,915</u>	\$ <u>(6,248,797)</u>	\$ <u>(2,963,284)</u>	\$ <u>32,711,352</u>	\$ <u>67,345,631</u>

At the end of the current fiscal year, the Town of Hamden is unable to report a positive balance in the net assets of its business-type activities.

Town of Hamden, Connecticut
Changes in Net Assets
June 30, 2004 and 2003

	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program Revenues:						
Charges for services	\$ 6,820,996	5,385,211	\$ 3,801,308	4,235,055	\$ 10,622,304	9,620,266
Operating grants and contributions	5,851,796	29,093,193			5,851,796	29,093,193
Capital grants and contributions	2,545,799	17,509,655			2,545,799	17,509,655
General Revenues:						0
Property Taxes	97,891,381	93,368,140			97,891,381	93,368,140
Grants & Contributions not restricted to specific Programs	26,991,331	5,759,846			26,991,331	5,759,846
Investment Earnings	446,588	352,772	12,487	19,389	459,075	372,161
Sch. Constr. Grt. Receivable Reduction		(1,548,543)				(1,548,543)
Disposal of Fixed Assets		(908,066)				(908,066)
Transfers		586,416		(586,416)	0	0
Total revenues	140,547,891	149,598,624	3,813,795	3,668,028	144,361,686	153,266,652
Expenses:						
Education	85,170,725	80,065,912			85,170,725	80,065,912
General government	9,359,351	16,897,094			9,359,351	16,897,094
Public Safety	18,732,493	17,583,340			18,732,493	17,583,340
Public Works	19,265,100	11,161,744		0	19,265,100	11,161,744
Health and Welfare	1,521,419	1,637,903			1,521,419	1,637,903
Culture and Recreation	3,905,422	4,381,468			3,905,422	4,381,468
Employee Benefits	22,203,099	12,380,268			22,203,099	12,380,268
Community Development	1,059,687	822,315			1,059,687	822,315
Other		133,059			0	133,059
Interest on long-term debt	2,359,884	3,877,166			2,359,884	3,877,166
Water pollution Control Authority			5,251,614	4,516,412	5,251,614	4,516,412
Total expenses	163,577,180	148,940,269	5,251,614	4,516,412	168,828,794	153,456,681
Change in net assets	(23,029,289)	658,355	(1,437,819)	(848,384)	(24,467,108)	(190,029)
Net assets-Beginning of year	70,308,915	42,539,223	(2,963,284)	6,124,015	67,345,631	48,663,238
Prior period adjustments	(8,319,477)	27,111,337	(1,847,694)	(8,238,915)	(10,167,171)	18,872,422
Net assets-Beginning of year-Restated	61,989,438	69,650,560	(4,810,978)	(2,114,900)	57,178,460	67,535,660
Net assets-End of year	\$ 38,960,149	70,308,915	(6,248,797)	(2,963,284)	\$ 32,711,352	67,345,631

Total net assets for the Town decreased by \$24,467,108. Key elements of this change are as follows:

Governmental Activities - Governmental activities decreased the Town of Hamden's net assets by \$23,029,289. Key fluctuations in revenue are as follows:

- The total revenue for governmental activities decreased \$9,050,733 or 6%. Revenue from property taxes increased by \$4,523,241 or 5%. This was due mainly to an increase in the collection rate from 98.1% to 98.5% as well as an increase in the mill rate from fiscal year 2003 to 2004.
- Revenue from charges for services increased by \$1,435,785 or 27%. This was due to an increased rate for conveyance tax fees.
- Revenue from operating grants and contributions and grants and contributions not restricted to specific programs had a decrease in revenue of \$23,241,397 and an increase in revenue of \$21,231,485 respectively, for a net decrease of approximately \$2,000,000. The overly large decrease and increase from prior year is due to a reclassification of revenue. This category of revenue represents payments to municipalities from the State for State owned property, payment in lieu of taxes, the Town's share of telephone access line fees, reimbursement's of tax loss and various exemptions and the Town's share of payments from the state for the two casinos in the state. All grants are determined by state statute. Beginning in fiscal year 2003, the state imposed a cap on these payments to all of the cities and towns of Connecticut, as the state encountered difficulty due to the poor economic climate. Cutbacks from prior year funding included the following:

PILOT payments for colleges and hospitals	\$ 25,000
Telephone access lines	81,000
Mohegan/ Pequot grant	351,000
Reimbursement for tax loss	149,000
Loss from exemptions	69,000
Education Cost Sharing	<u>70,000</u>
	<u>\$745,000</u>

For Governmental Activities, major expenditures are for education (52%), employee benefits (14%), public works (12%), and public safety (11%). Total expenditures for governmental activities increased by \$14,636,911 or 10% over the prior year. Key fluctuations in expenditures are as follows:

- Education expenditures increased by \$5,104,813 or 6% and public works increased by \$8,103,356 or 73%. This was due to contracted salary increases for the Board of Education and depreciation expense not being booked for infrastructure in 2003, respectively.
- The variance in general government and employee benefits occurred due to a reclassification of expenses.
- Interest on long-term debt decreased by \$1,517,282 or 39%. This was accomplished by refinancing the Town's outstanding debt at a favorable interest rate.

Business-Type Activities - Business-Type Activities decreased the Town's net assets by \$1,437,819. Key activities contributing to the decrease are as follows:

- Charges for services for the Water Pollution Control Authority decreased by \$433,747 or 10% and expenditures increased by \$735,202 or 16%.
- One Internal Service Fund was funded at a level below the required amount.

Financial Analysis of the Government's Funds

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

Governmental Funds - The focus of the Town of Hamden's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town of Hamden's financing requirements.

As of June 30, 2004 the Town of Hamden's governmental funds reported combined ending fund balances of negative \$1,619,951. This is a decrease of \$18,698,776 in comparison with the prior year. This decrease in fund balance is due primarily to the fact that the Town of Hamden made a conscious decision for short-term borrowing as well as to delay permanent borrowing and use its general fund cash flow for numerous capital expenditures. The Town of Hamden is planning on obtaining permanent financing before the end of fiscal year 2005.

Intergovernmental Revenue decreased from the prior year by \$14,966,512 or 29%. This decrease is primarily a result of two major capital projects, Bear Path School and Spring Glen, both receiving significant grants in fiscal year 2003 in the amounts of approximately \$5,400,000 and \$6,600,000, respectively. These projects have been completed and the Town did not commence any major capital projects during fiscal year 2004.

The general fund is the chief operating fund of the Town of Hamden. At the end of the current fiscal year, unreserved, undesignated fund balance in the general fund was \$3,344,221 while the total fund balance was \$3,805,094. As a measure of the general fund's liquidity, it may be useful to compare unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 2.5% of total general fund budgetary expenditures, while total fund balance represents 2.9% of total general fund budgetary expenditures.

At the end of fiscal year 2004, unreserved, undesignated fund balance was 2.4% of fiscal year 2005's adopted budget.

Synopsis of general fund undesignated and unreserved fund balance.

	Fund balance at June 30, <u>(thousands)</u>	Increase/(Decrease) from Prior Year <u>(thousands)</u>
2004	3,344	(852)
2003	4,196	(841)
2002	5,037	263
2001	4,774	(2)
2000	4,776	3,047
1999	1,729	(2,561)
1998	4,290	(1,796)
1997	6,086	(1,090)
1996	7,176	(830)
1995	8,006	2,115

The total General Fund Balance of the Town of Hamden decreased on a GAAP basis by \$2,040,137 or 35% during the current fiscal year. Key factors in this decline are as follows:

- Significant shortfall in budgeted revenue occurred during the year. Caps and reductions of state grants led to a \$2.34 million dollar shortfall in budgeted inter governmental revenue, delays in anticipated redevelopment and building projects caused a \$.26 million dollar shortfall in license and permit revenue and poor economic conditions along with the general fund front-ending expenditures for special revenue and capital projects funds caused a decline in interest earnings of \$.18 million dollars.

Proprietary Funds – The Town of Hamden’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets in the Water Pollution Control Authority were negative \$10,780,157 and the unrestricted net assets for the internal service funds (self-insurance) were negative \$2,503,981. Other factors concerning these funds have already been addressed in the discussion in the Town of Hamden’s business-type activities.

General Fund Budgetary Highlights

You will notice there is little difference between the original budget and the final amended budget for the Town of Hamden. With the knowledge that the Town was not going to receive anticipated State aid after the budget was adopted, the Town monitored its spending procedure to the extent that we were able to expend under the budgeted amount in the general fund by over 1.5 million dollars.

Capital Asset and Debt Administration

Capital Assets - The Town of Hamden's investment in capital assets for its governmental and business-type activities as of June 30, 2004 is \$189,552,857 (net of accumulated depreciation). It includes land, buildings, improvements, machinery and equipment, construction in progress and infrastructure. Governmental activities currently do not include all infrastructure (roads and bridges), which are not required by GASB 34 until the period ending June 30, 2006. The total increase in the Town of Hamden's investment in capital assets for the current fiscal year was \$5,859,514 or 3.2%. There was a 3.5% increase for governmental activities and a 9.4% decrease for business-type activities.

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

- Planning for the new Hamden Middle School
- Brooksvale Park was significantly completed
- Ridge Hill and West Woods were significantly completed
- Spring Glen and Bear Path Schools were significantly completed
- Newhall Street Environmental Studies are continuing

Additional information on the Town of Hamden's capital assets can be found in note 9 on pages 44-45.

Town of Hamden Capital Assets, Net of Depreciation

	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 9,035,000	\$ 6,135,000	\$	\$	\$ 9,035,000	\$ 6,135,000
Land improvements	4,734,947	5,182,103			4,734,947	5,182,103
Buildings and Improvements	81,413,362	54,586,293	55,000	55,000	81,468,362	54,641,293
Infrastructure	72,344,637	79,510,449	4,522,058	4,966,554	76,866,695	84,507,003
Machinery and equipment	5,751,229	5,518,711			5,751,229	5,518,711
Construction in progress	11,696,624	27,709,233			11,696,624	27,709,233
	<u>\$ 184,975,799</u>	<u>\$ 178,641,789</u>	<u>\$ 4,577,058</u>	<u>\$ 5,051,554</u>	<u>\$ 189,552,857</u>	<u>\$ 183,693,343</u>

Long-term Debt –At the end of the current fiscal year, the Town of Hamden had total bonded debt and loans outstanding of \$88,490,599. All of this debt is backed by the full faith and credit of the Town of Hamden.

**Town of Hamden
Outstanding Debt
General Obligation Bonds and Loans
June 30, 2004 and 2003**

	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 82,985,729	\$ 87,677,025	\$ 5,459,271	\$ 5,912,975	\$ 88,445,000	\$ 93,590,000
Clean water fund notes			45,599	51,182	45,599	51,182
Total	<u>82,985,729</u>	<u>87,677,025</u>	<u>5,504,870</u>	<u>5,964,157</u>	<u>88,490,599</u>	<u>93,641,182</u>

The Town of Hamden’s total bond and note debt decreased by \$5,150,583 during the fiscal year 2004. No new debt was issued.

The ratio of bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the Town’s debt position to management, citizens, and investors. The data for the Town at the end of fiscal year 2004 is as follows:

Ratio of Debt

	Amount	Ratio of debt to assessed value	Debt per capita
Legal debt limit	\$ 692,190,702		
Total indebtedness	88,490,599	3.4%	\$ 1,528
Legal debt margin	603,700,103		

The overall statutory debt limitation for the Town of Hamden is equal to seven times the annual receipts from taxation or \$692,190,702. As of June 30, 2004 the Town had \$99,026,599 of long-term debt outstanding including school and sewer debt and bonds authorized and unissued, which is well below the statutory debt limit.

The Town of Hamden maintains an “A2” rating from Moody’s and an “A” rating from Standards and Poor’s.

Additional information on the Town of Hamden’s long-term debt can be found in note 11 on pages 45-48.

Economic Factors and Next Years Budgets and Rates

The State is divided into ten labor market areas. Hamden's labor market consist of Hamden, Bethany, Branford, Cheshire, Clinton, East Haven, Guilford, Killingworth, Madison, Meriden, New Haven, North Branford, North Haven, Orange, Wallingford, West Haven, and Woodbridge. As of October 2004, the labor market area work force was 285,876 with employment of 273,637, and the unemployment rate was 4.3%. The Town of Hamden's workforce was 31,195 with employment of 30,038 and an unemployment rate of 3.7%. The statewide unemployment rate was 4.2% and the United States unemployment rate was 5.1%.

Per capita income for Hamden is compared to New Haven County and the State of Connecticut derived from 2001 statistical data provided by CEC Data Finders is as follows:

	Per capita	Annual Growth
Hamden	\$29,275	4.2%
New Haven County	\$28,013	4.4%
State of Connecticut	\$32,317	4.5%

	Median Household Income	Annual Growth
Hamden	\$61,701	3.2%
New Haven County	\$60,590	4.2%
State of Connecticut	\$65,806	4.2%

The Town of Hamden will face important budgetary challenges in the next few years. Opportunities to generate additional revenue are limited. State revenue will remain flat as the State deals with its own financial difficulty. There is limited opportunity for economic development to increase the grand list and thereby ease the tax burden for homeowners. Therefore, the Mayor and Town Council will be charged to make budget reductions, thus reducing discretionary spending as well as expenditures for repairs, maintenance, equipment replacement and education as well as increasing appropriations for unfunded liabilities, such as the pension fund and self-insurance fund. As part of the 2005-2006 budget process the Mayor and Town Council will explore alternative strategies that will provide an acceptable level of services for taxpayers at a reasonable cost.

Requests for Information

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2004

ASSETS	PRIMARY GOVERNMENT		
	Governmental Activities	Business Type Activities	Total
Cash and Cash Equivalents	\$ 16,339,524	1,527,940	17,867,464
Receivables:			
Property Taxes (Net of Allowance for Collection Losses of \$300,000)	2,085,553		2,085,553
Special Assessments	17,475		17,475
Accounts Receivable (Net of Allowance of \$93,000)	182,615	314,446	497,061
Intergovernmental	24,410,067		24,410,067
Other	480,585		480,585
Inventories	13,609		13,609
Internal Balances	6,159,066	(6,159,066)	-
Other Assets	341,706		341,706
Capital Assets (Net of Accumulated Depreciation):			
Land	9,035,000		9,035,000
Land Improvements	4,734,947		4,734,947
Buildings and Improvements	81,413,362	55,000	81,468,362
Furniture, Fixtures, Vehicles and Equipment	5,751,229		5,751,229
Infrastructure	72,344,637	4,522,058	76,866,695
Construction In Progress	11,696,624		11,696,624
Total Assets	\$ 235,005,999	260,378	235,266,377

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2004

	PRIMARY GOVERNMENT		
	Governmental Activities	Business Type Activities	Total
LIABILITIES			
Accounts Payable And Accrued Liabilities, Including Compensated Absences	\$ 14,647,182	1,004,305	15,651,487
Deferred Revenue	1,006,248		1,006,248
Payable to External Parties	217,797		217,797
Claims Incurred But Not Reported	1,830,010		1,830,010
Short-Term Notes Payable	14,013,027		14,013,027
Non-current Liabilities:			
Due Within One Year	14,107,087	459,287	14,566,374
Due In More Than One Year	150,224,499	5,045,583	155,270,082
Total Liabilities	\$ 196,045,850	6,509,175	202,555,025
NET ASSETS			
Investment In Capital Assets, Net of Related Debt	\$ 102,073,551	4,531,460	106,605,011
Restricted For:			
Endowments	11,443		11,443
Inventories	13,609		13,609
Unrestricted	(63,138,454)	(10,780,257)	(73,918,711)
Total Net Assets	\$ 38,960,149	(6,248,797)	32,711,352

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

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TOWN OF HAMDEN, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
Education	\$ (85,170,725)	1,346,427	4,583,895	250,747
General Government	(9,359,351)	3,514,297	69,252	
Public Safety	(18,732,493)	1,124,801	102,500	
Public Works	(19,265,100)	11,276	8,041	33,380
Health and Welfare	(1,521,419)	122,627	127,339	
Culture and Recreation	(3,905,422)	701,568		1,131,966
Employee Benefits	(22,203,099)			
Community Development	(1,059,687)		645,409	
Other			315,360	8,939
Interest On Long - Term Debt	(2,359,884)			1,120,767
Total Governmental Activities	\$ (163,577,180)	6,820,996	5,851,796	2,545,799
Business Type Activities:				
WPCA	\$ (5,251,614)	3,801,308		
Total Business-Type Activities	\$ (5,251,614)	3,801,308	-	-
Total Primary Government	\$ (168,828,794)	10,622,304	5,851,796	2,545,799

General Revenues:

Property Taxes
Grants and Contributions Not Restricted To Specific Programs
Investment Earnings
Total General Revenues

Change In Net Assets

Net Assets - Beginning
Prior Period Adjustments
Net Assets - Beginning - Restated

Net Assets - Ending

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

EXHIBIT B

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business Type Activities	Total
(78,989,656)		(78,989,656)
(5,775,802)		(5,775,802)
(17,505,192)		(17,505,192)
(19,212,403)		(19,212,403)
(1,271,453)		(1,271,453)
(2,071,888)		(2,071,888)
(22,203,099)		(22,203,099)
(414,278)		(414,278)
324,299		324,299
(1,239,117)		(1,239,117)
<u>(148,358,589)</u>	<u>-</u>	<u>(148,358,589)</u>
	(1,450,306)	(1,450,306)
<u>-</u>	<u>(1,450,306)</u>	<u>(1,450,306)</u>
<u>(148,358,589)</u>	<u>(1,450,306)</u>	<u>(149,808,895)</u>
\$ 97,891,381		97,891,381
26,991,331		26,991,331
446,588	12,487	459,075
<u>\$ 125,329,300</u>	<u>12,487</u>	<u>125,341,787</u>
\$ (23,029,289)	(1,437,819)	(24,467,108)
\$ 70,308,915	(2,963,284)	67,345,631
(8,319,477)	(1,847,694)	(10,167,171)
<u>\$ 61,989,438</u>	<u>(4,810,978)</u>	<u>57,178,460</u>
<u>\$ 38,960,149</u>	<u>(6,248,797)</u>	<u>32,711,352</u>

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TOWN OF HAMDEN, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 10,074,081	2,119,490	3,878,799	16,072,370
Receivables:				
Property Taxes (Net of Allowance for Collection of Losses of \$300,000)	2,085,553			2,085,553
Special Assessments	17,475			17,475
Intergovernmental	22,193,483		2,216,583	24,410,066
Other Assets	524,512		38,688	563,200
Inventories			13,609	13,609
Due From Other Funds	18,545,266	9,388,532	5,400,010	33,333,808
Other Assets	341,705			341,705
Total Assets	\$ 53,782,075	11,508,022	11,547,689	76,837,786
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities Including Compensated Absences	\$ 10,510,608	1,378,636	1,090,350	12,979,594
Deferred Revenue	24,345,501	10	581,770	24,927,281
Due To Other Funds	15,120,872	13,712	11,403,251	26,537,835
Temporary Notes Payable		10,161,200	3,851,827	14,013,027
Total Liabilities	\$ 49,976,981	11,553,558	16,927,198	78,457,737
Fund Balances:				
Reserved for:				
Encumbrances	\$ 460,873	829,220	1,729,061	3,019,154
Inventories			13,609	13,609
Endowments			11,443	11,443
Unreserved:				
Undesignated and Unreserved	3,344,221	(874,756)	(7,133,622)	(4,664,157)
Total Fund Balances	\$ 3,805,094	(45,536)	(5,379,509)	(1,619,951)
Total Liabilities and Fund Balances	\$ 53,782,075	11,508,022	11,547,689	

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.	\$ 184,975,799
Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due.	(1,481,163)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	23,921,032
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.	(2,503,982)
Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(164,331,586)</u>
Net assets of governmental activities	\$ <u>38,960,149</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 BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Fund 2004</u>
Revenues:				
Property Taxes, Interest and Lien Fees	\$ 98,827,338			98,827,338
Special Assessments	11,276			11,276
Intergovernmental	29,799,238	33,380	6,919,050	36,751,668
Licenses, Permits and Fees	2,636,849			2,636,849
Charges for Services	2,471,173		1,469,054	3,940,227
Fines and Forfeits	19,645			19,645
Investment Earnings	318,614	36,765	87,358	442,737
Miscellaneous	212,999	8,939	315,360	537,298
Total Revenues	\$ 134,297,132	79,084	8,790,822	143,167,038
Expenditures				
Current:				
Education	\$ 77,222,394	30,406	6,219,576	83,472,376
General Government	7,636,030	5,189	847,016	8,488,235
Public Safety	17,973,838		142,875	18,116,713
Public Works	10,294,510	609,952	493,508	11,397,970
Health And Welfare	1,323,199		194,714	1,517,913
Culture and Recreation	3,556,307		31,740	3,588,047
Employee Benefits	10,060,875			10,060,875
Community Development			1,059,687	1,059,687
Capital Outlay	828,651	2,722,927	13,170,955	16,722,533
Debt Service:				
Principal	4,991,676			4,991,676
Interest	3,278,440			3,278,440
Total Expenditures	\$ 137,165,920	3,368,474	22,160,071	162,694,465
Excess (Deficiency) Of Revenues Over (Under) Expenditures	\$ (2,868,788)	(3,289,390)	(13,369,249)	(19,527,427)

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, 2004

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Fund</u>
Other Financial Sources (Uses):				
Proceeds From Capital Leases	\$ 828,651			828,651
Operating Transfers In			75,000	75,000
Operating Transfers (Out)		(75,000)		(75,000)
Total Other Financing Sources (Uses)	<u>\$ 828,651</u>	<u>(75,000)</u>	<u>75,000</u>	<u>828,651</u>
Net Change in Fund Balances	\$ (2,040,137)	(3,364,390)	(13,294,249)	(18,698,776)
Fund Balances - Beginning	<u>5,845,231</u>	<u>3,318,854</u>	<u>7,914,740</u>	<u>17,078,825</u>
Fund Balances - Ending	<u>\$ 3,805,094</u>	<u>(45,536)</u>	<u>(5,379,509)</u>	<u>(1,619,951)</u>

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, 2004**

Amounts reported for Governmental Activities in the Statement of Activities (Page 18) are different because:

Net Change in Fund Balances - Total Governmental Funds (Page 21)	\$ (18,698,776)
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.	6,334,010
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,623,097)
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.	4,163,025
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.	(11,757,747)
Internal Services Funds are used by management to charge costs of liability and medical insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>(446,704)</u>
Change in Net Assets of Governmental Activities (Page 18)	<u>\$ (23,029,289)</u>

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

TOWN OF HAMDEN, CONNECTICUT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes, Interest and Liens	\$ 98,393,781	98,393,781	98,827,338	433,557
Special Assessments	10,035	10,035	11,276	1,241
Intergovernmental	29,951,665	29,951,665	27,611,912	(2,339,753)
Licenses, Permits and Fees	2,897,420	2,897,420	2,636,849	(260,571)
Charges For Services	2,230,860	2,541,860	2,471,173	(70,687)
Fines and Forfeits	46,500	46,500	19,645	(26,855)
Investment Earnings	500,000	500,000	318,613	(181,387)
Miscellaneous	262,053	262,935	212,999	(49,936)
Total Revenues	\$ 134,292,314	134,604,196	132,109,805	(2,494,391)
Expenditures:				
Current:				
Education	\$ 74,016,473	74,102,749	74,100,020	2,729
General Government	8,358,219	8,021,164	7,711,172	309,992
Public Safety	18,429,609	18,148,725	17,887,749	260,976
Public Works	9,884,808	10,486,715	10,474,079	12,636
Health and Welfare	1,316,241	1,308,466	1,280,308	28,158
Culture and Recreation	3,743,036	3,643,481	3,546,366	97,115
Employee Benefits	9,110,000	9,458,968	10,060,875	(601,907)
Debt Service:				
Principal Retirements	5,685,583	5,573,583	4,691,296	882,287
Interest	3,748,345	3,860,345	3,278,349	581,996
Total Expenditures	\$ 134,292,314	134,604,196	133,030,214	1,573,982
Excess of Revenues Over (Under) Expenditures	\$ -	-	(920,409)	(920,409)
Other Financing Sources and (Uses)				
Cancelled Encumbrances From Prior Years	\$		68,624	68,624
Total Other Financing Sources and (Uses)	\$		68,624	68,624
Net Changes In Fund Balance	\$ -	-	(851,785)	(851,785)
Unreserved Fund Balance - Beginning			4,196,006	
Unreserved Fund Balance - Ending			\$ 3,344,221	

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, 2004

ASSETS	Business Type Activities	Governmental Activities
	Water Pollution Control Authority	Internal Service Funds
Current Assets:		
Cash and Cash Equivalents	\$ 1,527,940	267,153
Accounts Receivable (Net of Allowance of \$93,000 For Uncollectibles)	314,446	100,000
Due From Other Funds	75,717	5,299
Prepaid Items		
Total Current Assets	<u>\$ 1,918,103</u>	<u>372,452</u>
Capital Assets:		
Building	\$ 55,000	
Infrastructure	19,980,245	
Less Accumulated Depreciation	(15,458,187)	
Total Capital Assets (Net of Accumulated Depreciation)	<u>\$ 4,577,058</u>	<u>-</u>
Total Assets	<u>\$ 6,495,161</u>	<u>372,452</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities Including Compensated Absences	\$ 1,004,305	186,423
Due To Other Funds	6,234,783	860,000
Claims Incurred But Not Reported		1,830,010
General Obligation Bonds - Current Portion	453,704	
Notes Payable - Current Portion	5,583	
Total Current Liabilities	<u>\$ 7,698,375</u>	<u>2,876,433</u>
Non-Current Liabilities:		
General Obligation Bonds - Less Current Portion	\$ 5,005,567	
Notes Payable - Less Current Portion	40,016	
Total Non-Current Liabilities	<u>\$ 5,045,583</u>	<u>-</u>
Total Liabilities	<u>\$ 12,743,958</u>	<u>2,876,433</u>
Net Assets:		
Investment In Capital Assets, Net Of Related Debt	\$ 4,531,460	
Unrestricted	(10,780,257)	(2,503,981)
Total Net Assets	<u>\$ (6,248,797)</u>	<u>(2,503,981)</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, 2004

	Business Type Activities	Governmental Activities
	Water Pollution Control Authority	Internal Service Funds
Operating Revenues:		
Charges for Services	\$ 3,801,308	18,091,810
Total Operating Revenues	\$ 3,801,308	18,091,810
Operating Expenses		
Salaries, Benefits and Claims	\$ 536,147	18,542,464
Materials and Supplies	3,046,816	
Depreciation	444,005	
Utilities	46,792	
Administration and Operation	903,768	
Total Operating Expenses	\$ 4,977,528	18,542,464
Operating Income or (Loss)	\$ (1,176,220)	(450,654)
Non-Operating Revenues (Expenses):		
Interest Income	\$ 12,487	3,851
Interest Expense	(274,086)	
Total Non-Operating Revenues (Expenses)	\$ (261,599)	3,851
Net Income or (Loss) Before Contributions and Transfers	\$ (1,437,819)	(446,803)
Other Financing Sources (Uses)		
Capital Contributions	\$	
Transfer In		
Transfer (Out)		
Total Other Financing Sources (Uses)	\$ -	-
Net Assets - Beginning	\$ (2,963,284)	(2,057,178)
Prior Period Adjustment to Beginning Net Assets	(1,847,694)	
Net Assets - Beginning - As Restated	\$ (4,810,978)	(2,057,178)
Net Assets - Ending	\$ (6,248,797)	(2,503,981)

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

	<u>Business Type</u> <u>Activities</u>	
	<u>Enterprise Funds</u>	<u>Governmental</u>
	<u>Major</u>	<u>Activities</u>
	<u>Water Pollution</u>	<u>Internal</u>
	<u>Control</u>	<u>Service</u>
	<u>Authority</u>	<u>Funds</u>
Cash Flows From Operating Activities:		
Receipts From Customers and Users	\$ 3,996,538	18,827,424
Cash Payments For Claims and Fees	(3,691,724)	(18,581,694)
Net Cash Provided (Used) By Operating Activities	\$ 304,814	245,730
Cash Flows From Capital and Related Financing Activities:		
Principal Paid on Capital Debt	\$ (459,286)	
Interest Paid on Capital Debt	(274,086)	
Net Cash Provided By Non-Capital Financing Activities	\$ (733,372)	-
Cash Flows From Investing Activities:		
Investment Income	\$ 12,487	3,851
Net Cash Flows From Investing Activities	\$ 12,487	3,851
Net Increase (Decrease) in Cash And Cash Equivalents	\$ (416,071)	249,581
Cash And Cash Equivalents - Beginning	1,944,011	17,572
Cash And Cash Equivalents - Ending	\$ 1,527,940	267,153
Reconciliation Of Operating Income (Loss) To Net Cash		
Provided (Used) By Operating Activities:		
Operating Income or (Loss)	\$ (1,176,220)	(450,654)
Adjustments to Reconcile Operating Income (Loss) To Net Cash		
Provided (Used) By Operating Activities:		
Depreciation Expense	\$ 444,005	
Change in Assets and Liabilities:		
(Increase) Decrease In Accounts and Other Receivables	(75,717)	759,883
Increase (Decrease) In Claim Liabilities	195,230	659,883
Increase (Decrease) In Accounts Payable	205,973	(1,032,089)
Increase (Decrease) In Due To Other Funds	711,543	860,000
Total Adjustments	\$ 1,481,034	1,247,677
Net Cash Provided (Used) By Operating Activities	\$ 304,814	797,023

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, 2004

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 445,029	175,632	1,036,401
Investments, At Fair Value			
Corporate Stocks	\$ 9,777,012		
Common Collective Trusts	56,768,929		
Mutual Funds	15,461,248		
Common Trusts	730,948		
Total Investments	<u>\$ 82,738,137</u>	<u>-</u>	<u>-</u>
Other Receivables	\$ 164,614		
Prepaid Expenses	\$ 660,604		
Due From Other Funds	\$ -	89,615	161,697
Total Assets	<u>\$ 84,008,384</u>	<u>265,247</u>	<u>1,198,098</u>
LIABILITIES			
Accounts Payable	\$ 222,835	12,096	
Deferred Revenue		16,135	
Due to Other Funds		33,518	
Other Liabilities			1,198,098
Total Liabilities	<u>\$ 222,835</u>	<u>61,749</u>	<u>1,198,098</u>
NET ASSETS			
Held In Trust For Pension Benefits	\$ 83,785,549		
Reserved For Encumbrances			
Unrestricted and Undesignated		203,498	
Total Net Assets	<u>\$ 83,785,549</u>	<u>203,498</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, 2004**

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Funds</u>
Additions:		
Contributions:		
Town of Hamden	\$ 1,000,000	
Plan Members	1,653,368	
Total Contributions	<u>\$ 2,653,368</u>	<u>-</u>
Investment Earnings:		
Net Appreciation in Fair Value of Investments	\$ 5,684,255	
Interest and Dividends	2,187,143	997
Other Income		212,808
Total Investment Income (Loss)	<u>\$ 7,871,398</u>	<u>213,805</u>
Less Investment Expenses:		
Investment Management Fees	<u>349,069</u>	
Net Investment Earnings	<u>\$ 7,522,329</u>	<u>213,805</u>
Total Additions	<u>\$ 10,175,697</u>	<u>213,805</u>
Deductions:		
Benefits and Other Deductions	<u>\$ 12,614,150</u>	<u>211,152</u>
Total Deductions	<u>\$ 12,614,150</u>	<u>211,152</u>
Net Increase (Decrease)	<u>\$ (2,438,453)</u>	<u>2,653</u>
Net Assets - Beginning	<u>86,224,002</u>	<u>200,845</u>
Net Assets - Ending	<u>\$ 83,785,549</u>	<u>203,498</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 1 - 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 is a municipal Corporation governed 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 present the government and its component unit, an entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

Blended Component Unit – The 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 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.

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

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.

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 within one 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.

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 Fund - 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, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Capital Project Fund - 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.

The Government Reports The Following Major 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.

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.

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Receivables and Payables

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

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

All trade and property tax receivables, including those for W.P.C.A., are shown net of an allowance for uncollectibles. Trade account allowance for uncollectibles is estimated based on the inherent risk associated with the accounts.

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the 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	20 - 50 years
Infrastructure	10 - 65 years
Machinery and Equipment	5 - 20 years
Licensed Vehicles	8 years
Water and Sewer System	30-50 years

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Capital Assets (Continued)

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 implemented the general provisions of GASBS No. 34 as of June 30, 2002 and hopes to implement the retroactive infrastructure provisions (under the modified approach) in the fiscal year ending June 30, 2006.

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, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(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, 2004

Note 2 – Prior Period Adjustments

The net assets of the business-type activities have been restated by \$1,847,694 to adjust the capital assets as of June 30, 2003 of the W.P.C.A. Fund to an updated appraisal performed during the current fiscal year.

The net assets of the government-type activities have been restated by \$8,319,377 to remove the interest portion of the school building grant from intergovernmental receivables.

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 2006. The Town was required to implement the new requirements for the fiscal year ending June 30, 2002.

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.

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

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 (\$164,331,586) difference is as follows:

Bonds Payable	\$ (82,985,729)
Compensated Absences	(7,254,883)
Capital Leases	(776,519)
Claims and Judgments	(800,000)
Post-closure Landfill Costs	(420,300)
Net Pension Obligation	<u>(72,094,155)</u>
Net Adjustment to Reduce Fund Balance - Total Government Funds to Arrive at Net Assets - Governmental Activities	<u>\$ (164,331,586)</u>

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 \$6,334,010 difference are as follows:

Capital Outlay	\$ 16,722,534
Depreciation Expense	(10,301,262)
Disposal	<u>(87,262)</u>
Net Adjustment to Increase Net Changes in Fund Balance - Total Government Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ 6,334,010</u>

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

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 "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 \$4,163,025 difference are as follows:

Debt Issued or Incurred:	
Capital Leases	\$ (828,651)
Principal Repayments:	
General Obligation Debt	4,691,296
Capital Leases	<u>300,380</u>
Net Adjustment to Decrease Net Assets In Fund Balances - Total Governmental Funds To Arrive at Changes in Net Assets of Governmental Activities	<u>\$ 4,163,025</u>

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 \$11,757,747 difference are as follows:

Net (Increase) In Compensated Absences	\$ (404,499)
Net Decrease In Accrued Interest	918,559
Net (Increase) in Net Pension Obligation	(11,287,072)
Net (Increase) In Other Long-Term Liabilities	<u>(984,735)</u>
Net Adjustment to Decrease <i>Net Change In Fund Balances Total Governmental Funds</i> to Arrive <i>At Changes In Net Assets of Governmental Activities</i>	<u>\$ 11,757,747</u>

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

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 \$311,882 were approved by the Legislative Council during the fiscal year. The supplemental appropriations were financed by \$311,882 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.
- 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.

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 5 - Budgets and Budgetary Accounting (Continued)

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>and Expenditures and Encumbrances</u>	<u>Fund Fund Balance</u>
Balance, Budgetary Basis	\$ 132,109,805	133,030,214	3,344,221
Encumbrances			
June 30, 2003		1,550,474	30,127
June 30, 2004		(430,746)	430,746
The Town did not budget for its Capital Leases. The amount of the capital asset acquisition is recorded as an expenditure and the proceeds as other financing source for GAAP Purposes		828,651	
State Teachers' Retirement and On-behalf Payment, not Recognized for Budgetary Purposes	<u>2,187,327</u>	<u>2,187,327</u>	
Balance, GAAP Basis	\$ <u>134,297,132</u>	<u>137,165,920</u>	<u>3,805,094</u>

Special Revenue Funds

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

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.

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 6 - Deposits and Investments

As of June 30, 2004, the carrying amount of the Town's deposits was \$18,458,550 with bank balances of approximately \$21,353,642. The amount of the bank balance covered under federal depository insurance was approximately \$601,867. The remaining \$20,751,775 of deposits were uninsured and uncollateralized. However, provisions of the Connecticut General Statutes provide for protection against loss in excess of deposit insurance by requiring all qualified public depositories to maintain segregated collateral for public deposits. As of June 30, 2004 approximately \$2,135,364 of uninsured deposits were collateralized under the provision.

The Town's investments, the majority of which were investments held by the Town's pension trust fund, as of June 30, 2004 consist of the following:

	<u>Category</u>			<u>Carrying and Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Corporate Stocks	\$ 9,777,012			9,777,012
	<u>\$ 9,777,012</u>			<u>9,777,012</u>
Investments Not Subject To Risk				
Categorization:				
Mutual Funds				16,268,699
Short-Term Investment Funds				57,758,401
				<u>83,804,112</u>

The three preceding risk categories are defined below:

<u>Category</u>	<u>Description</u>
1	Securities that are insured or registered or the securities are held by the City or its agent in the City's name.
2	Uninsured and unregistered securities which are held by the Counterparty's trust department or agent in the City's name.
3	Uninsured and unregistered securities which are held by the counterparty, or by its trust department or agent but not in the City's name.

TOWN OF HAMDEN, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 6 - Deposits and Investments (Continued)

The carrying amount of Town's deposits at June 30, 2004 consist of the following:

Bank Deposit Accounts	\$	18,421,851
Certificate of Deposits		29,218
Cash on Hand		7,481
		\$ 18,458,550

The Town's Deposits and Investments are presenting in the accompanying balance sheets as follows:

	Deposit	Investments	Total
Cash and Cash Equivalents:			
Governmental Funds	\$ 15,006,395	1,065,975	16,072,370
Enterprise Funds	1,527,940		1,527,940
Fiduciary Funds	1,657,062		1,657,062
Internal Service Funds	267,153		267,153
Investments:			
Fiduciary Funds		82,738,137	82,738,137
Total Deposits and Investments	\$ 18,458,550	83,804,112	102,262,662

Note 7 - Receivables and Payables

The Receivables as of June 30, 2004 for the Town's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

		General Fund	Capital Project Fund	Nonmajor Governmental and Other Funds	W.P.C.A.	Total
Property Taxes	\$	2,385,553				2,385,553
Special Assessments		17,475				17,475
Intergovernmental		22,193,483		2,216,583		24,410,066
Accounts		182,615			407,446	590,061
Other		341,897		138,688		480,585
Gross Receivables	\$	25,121,023		2,355,271	407,446	27,883,740
Allowance For Collection Losses		(300,000)			(93,000)	(393,000)
	\$	24,821,023		2,355,271	314,446	28,276,740

TOWN OF HAMDEN, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 7 - Receivables and Payables (Continued)

Governmental Funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidated liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the fiscal year the components of deferred revenue and unearned revenues reported in the government fund were as follows:

	<u>Unavallable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent Property Taxes	\$ 1,727,549		1,727,549
School Construction Grant Receivable	22,193,483		22,193,483
Advanced Tax Collections Other		424,469	424,469
Capital Projects		10	10
Nonmajor Governmental Funds:			
Intergovernmental Grant Received In Advance		550,250	550,250
Other		31,520	31,520
	<u>\$ 23,921,032</u>	<u>1,006,249</u>	<u>24,927,281</u>

Payables as of June 30, 2004 for the Town's individual major funds and nonmajor funds were as follows:

	<u>Vendors</u>	<u>Payroll Benefits</u>	<u>Accrued Interest</u>	<u>Cash Over Drafts</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 4,570,746	3,249,984	1,481,163	2,395,901	293,979	11,991,773
Capital Projects Fund	1,378,636					1,378,636
Nonmajor Funds	1,046,980			43,370		1,090,350
Other Governmental Total Governmental Funds	<u>186,423</u>					<u>186,423</u>
	<u>\$ 7,182,785</u>	<u>3,249,984</u>	<u>1,481,163</u>	<u>2,439,271</u>	<u>293,979</u>	<u>14,647,182</u>
W.P.C.A.	\$ 1,004,305					1,004,305
Total Payables	<u>\$ 8,187,090</u>	<u>3,249,984</u>	<u>1,481,163</u>	<u>2,439,271</u>	<u>293,979</u>	<u>15,651,487</u>

An amount of \$1,830,010 is presented as a current liability on the government wide statement of net assets as Claims Incurred But Not Reported. Included in this amount is \$1,542,085 of expenses incurred through the Town's medical self - insurance Internal Service Fund. However, the Internal Service Fund does not have the current resources available to satisfy this debt.

Note 8 - Internal Balances

Internal balances at June 30, 2004 consist of the following:

Internal Balances - Due from Other Funds

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Other</u>	<u>W.P.C.A.</u>	<u>Total</u>
Internal Balances- Due to Other Funds:						
General Fund	\$	9,388,532	5,400,009	256,614	75,717	15,120,872
Capital Projects	13,712					13,712
Nonmajor Funds	11,403,252					11,403,252
Other	893,519					893,519
W.P.C.A.	6,234,783					6,234,783
	<u>\$ 18,545,266</u>	<u>9,388,532</u>	<u>5,400,009</u>	<u>256,614</u>	<u>75,717</u>	<u>33,666,138</u>

TOWN OF HAMDEN, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 9 - Capital Assets

Capital assets activity for the year ended June 30, 2004 was as follows:

	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2004</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 6,135,000	2,900,000		9,035,000
Construction in Progress	<u>27,709,233</u>	<u>11,696,624</u>	<u>27,709,233</u>	<u>11,696,624</u>
Total Capital Assets, Not Being Depreciated	\$ <u>33,844,233</u>	<u>14,596,624</u>	<u>27,709,233</u>	<u>20,731,624</u>
Capital Assets, Being Depreciated:				
Land Improvements	\$ 6,328,750			6,328,750
Buildings and Improvements	78,564,249	28,384,531		106,948,780
Furniture, Fixtures				
Vehicles and Equipment	13,532,549	1,450,612	400,789	14,582,372
Infrastructure	<u>79,895,958</u>	<u> </u>	<u> </u>	<u>79,895,958</u>
Total Capital Assets Being Depreciated	\$ <u>178,321,506</u>	<u>29,835,143</u>	<u>400,789</u>	<u>207,755,860</u>
Less, Accumulated Depreciation:				
Land Improvements	\$ 1,146,647	447,156		1,593,803
Buildings and Improvements	23,977,956	1,557,462		25,535,418
Furniture, Fixtures				
Vehicles and Equipment	8,013,838	817,305		8,831,143
Infrastructure	<u>385,509</u>	<u>7,479,339</u>	<u>313,527</u>	<u>7,551,321</u>
Total Accumulated Depreciation	\$ <u>33,523,950</u>	<u>10,301,262</u>	<u>313,527</u>	<u>43,511,685</u>
Capital Assets Being Depreciated, Net of Depreciation	\$ <u>144,797,556</u>	<u>19,533,881</u>	<u>87,262</u>	<u>164,244,175</u>
Total Governmental Activities	\$ <u>178,641,789</u>	<u>34,130,505</u>	<u>27,796,495</u>	<u>184,975,799</u>
Business-Type Activities				
Capital Assets Being Depreciated:				
Building	\$ 55,000			55,000
Infrastructure	<u>19,980,245</u>	<u> </u>	<u> </u>	<u>19,980,245</u>
Total	\$ <u>20,035,245</u>	<u> </u>	<u> </u>	<u>20,035,245</u>
Less: Accumulated Depreciation	<u>\$ 14,983,691</u>	<u>474,496</u>	<u> </u>	<u>15,458,187</u>
Total Business – Type Activities	\$ <u>5,051,554</u>	<u>(474,496)</u>	<u> </u>	<u>4,577,058</u>
Total Capital Assets	\$ <u>183,693,343</u>	<u>33,656,009</u>	<u>27,796,495</u>	<u>189,552,857</u>

TOWN OF HAMDEN, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 9 - Capital Assets (Continued)

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

Government Activities:	
General Government	\$ 108,364
Education	1,698,349
Public Safety	603,318
Public Works	7,570,330
Health and Welfare	3,506
Culture and Recreation	<u>317,375</u>
Total Depreciation Expense- Governmental Activities	\$ <u>10,301,262</u>
Business Type Activities:	
Water Pollution Control Authority	\$ <u>444,005</u>
Total Depreciation Expense- Business Type Activities	\$ <u>444,005</u>

Note 10 - Short-Term Notes Payable

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Governmental Activities:				
Bond Anticipation Notes	\$ <u> </u>	<u>14,013,027</u>	<u> </u>	<u>14,013,027</u>

Note 11 - Long-Term Liabilities

Long-term debt liabilities activity for the year ended June 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reduction</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Long Term Debt:					
General Obligation Bonds	\$ 87,677,025		4,691,296	82,985,729	4,956,296
Capital Leases	248,248	828,651	300,380	776,519	474,291
Other Long-Term Liabilities:					
Compensated Absences:					
Town	5,894,979	1,299,776	1,368,892	5,825,863	1,369,000
Board of Education	955,405	674,313	200,698	1,429,020	201,000
Landfill Post-Closure Monitoring	123,500	300,000	3,200	420,300	56,500
Net Pension Obligation	60,807,083	14,524,952	3,237,880	72,094,155	6,250,000
Claims and Judgments	<u>112,068</u>	<u>800,000</u>	<u>112,068</u>	<u>800,000</u>	<u>800,000</u>
Total Governmental Activities Long-Term Liabilities	\$ <u>155,818,308</u>	<u>18,427,692</u>	<u>9,914,414</u>	<u>164,331,586</u>	<u>14,107,087</u>
Business-Type Activities:					
General Obligation Bonds	\$ 5,912,975		453,704	5,459,271	453,704
Clean Water Fund Notes	<u>51,182</u>		<u>5,583</u>	<u>45,599</u>	<u>5,583</u>
Total Business-Type Activities Long-Term Liabilities	\$ <u>5,964,157</u>		<u>459,287</u>	<u>5,504,870</u>	<u>459,287</u>
Total Long-Term Liabilities	\$ <u>161,782,465</u>	<u>18,427,692</u>	<u>10,373,701</u>	<u>169,836,456</u>	<u>14,566,374</u>

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 11 - 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.

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, 2004, 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.	\$ 59,862,177	
Public Improvement bonds with interest rates ranging from 2.75% to 7% and varying expiration dates ranging from March, 2003 to July, 2022.	22,263,552	
Sewer bonds with interest rates ranging from 3.25% to 5.25% and varying expiration dates ranging from March, 2003 to July, 2015.		5,459,271
Revaluation bond with interest rates ranging from 4% to 5% and expiring in August, 2010.	860,000	
	<u>\$ 82,985,729</u>	<u>5,459,271</u>

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 11 - 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
2005	\$ 4,956,296	3,710,341	453,704	254,516
2006	6,229,443	3,450,916	455,557	235,852
2007	6,229,443	3,156,369	455,557	216,675
2008	6,084,443	2,860,960	680,557	197,272
2009	6,019,444	2,558,087	680,557	161,556
2010-2014	29,412,218	8,778,696	2,727,782	320,686
2015-2019	18,809,442	3,022,323	5,557	146
2020-2023	5,245,000	378,671		
	<u>\$ 82,985,729</u>	<u>27,916,363</u>	<u>5,459,271</u>	<u>1,386,703</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, 2004 was approximately \$2,808,000. The Town expects to receive \$22,193,483 in principal payments and \$7,197,395 in interest payments over the next 16 years.

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, 2004 was \$45,599 and the annual debt service requirements to maturity are as follows:

Year Ended June 30,	Governmental Activity	
	Principal	Interest
2005	\$ 5,583	861
2006	5,583	749
2007	5,583	637
2008	5,583	526
2009	5,583	414
2010-2013	17,684	574
	<u>\$ 45,599</u>	<u>3,761</u>

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 11 - Long-Term Liabilities (Continued)

Capital Leases

Property and equipment carried at a cost of \$828,651 has been acquired under capital lease agreements. The yearly payment under these leases range from \$7,390 to \$338,717, at interest ranging from 5.15% to 7.05%, respectively.

	2005	\$ 487,004
	2006	<u>309,984</u>
		\$ 796,988
Less, Amount Representing Interest		<u>20,469</u>
Total		<u>\$ 776,519</u>

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 \$420,300, 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, 2004. 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/or state and federal grants.

Note 12 - 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, 2004

Note 12 - 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	319	626
		1,233

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, 2004**

Note 12 - 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 with interest calculated at 5% per year.

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

The significant actuarial assumptions are as follows:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	4% Percent of Salary Based on Inflation
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, 2004 were as follows:

Annual Required Contribution	\$ 10,660,385
Interest on Net Pension Obligation	4,864,567
Adjustments to Annual Required Contribution	<u>(3,237,880)</u>
Annual Pension Cost	\$ 12,287,072
Contribution Made	<u>(1,000,000)</u>
Increase in Net Pension Obligation	\$ 11,287,072
Net Pension Obligation, Beginning of Year	<u>60,807,083</u>
Net Pension Obligation, End of Year	<u>\$ 72,094,155</u>

TOWN OF HAMDEN, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

Note 12 - 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, 2004	\$ 12,287,072	8.1%	\$ 72,094,155
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>
2004	\$ 10,660,885	9.4%
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 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	168,628,800	54,133,000	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, 2004**

Note 12 - 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 certified 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, 2004, \$185,348,144 was expended to meet the State's funding requirements. The results of the State's actuarial valuation at June 30, 2004 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 \$2,965,143,214. The State's appropriation represented 6.256% 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 2003-2004 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 \$34,997,214.

For the year ended June 30 2004, the following information is applicable to the Town:

Total Number of Teachers Participants	595
Participant Contributions	\$ 2,449,805
On-Behalf State Payments	\$ 2,187,326

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 13 - Fund Deficits

The Town has the following Fund Deficits at June 30, 2004 and expects to eliminate the deficits in the future as follows:

<u>Fund</u>	<u>Fund Deficit June 30, 2004</u>	<u>Plan for Eliminating Deficit</u>
Special Revenue Funds:		
School Aged Children	\$ 10,831	Future Grant Revenue
Department of Education Grant	6,008	Future Grant Revenue
Public Library Construction	3,701	Future Grant Revenue
Recreational Programs	2,190	Future Grant Revenue
Kids Safe Program	5,000	Future Grant Revenue
MORE Cops Grant	3,880	Future Grant Revenue
Federal Highway Safety Grants	21,044	Future Grant Revenue
Police and Fire Safety Equipment	46,764	Future Grant Revenue
Community Development Block Grant	69,517	Future Grant Revenue
Putnam New Hallville Improvements	10,000	Future Grant Revenue
Indoor Air Quality Assessment	20,000	Future Grant Revenue
Walmart Gift Fund	2,602	Through Future Revenues
Highwood Revitalization Grant	10,954	Through Future Revenues
Capital Projects Funds:		
Capital Project Fund	45,536	Future Bond Issuances
Farmington Canal	711,858	Future Bond Issuances
Pardee Brook Flood Repair Project	49,802	Through Future Transfers or Revenues
Brooksvale Park Renovation and Acquisition Grant	2,251,375	Future Bond Issuance and Grant Revenue
Brooksvale Park Renovation Improvements to Laurel View Country Club	7,821	Future Grant Revenue
	187,638	Future Bond Issuances
Newhall Environmental Studies	2,151,750	Future Bond Issuances
Construction of Spring Glenn	1,469,033	Future Bond Issuances
Bear Path School Renovations	1,236,080	Future Bond Issuances
Tuttle Avenue Bridge	15,161	Future Bond Issuances
Hamden Ice Rink	25,621	Future Bond Issuances
Local Capital Improvements	251,574	Future Grant Revenue
Wintergreen Inter-district Magnet School	140,323	Through Future Transfers or Revenues
Hamden High School Renovation and Addition	155,936	Future Bond Issuances
Private Purpose Trust Funds:		
Emergency Food and Shelter	1,448	Future Bond Issuances
Enterprise Funds:		
W.P.C.A.	6,248,797	Through Increased Sewer Rates and Sale of Assets Through Regionalization of W.P.C.A.
Internal Service Funds		
Workers' Compensation	319,747	Through Future Transfers or Revenues
Medical Insurance	2,184,234	Through Future Transfers or Revenues

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 14 - 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.

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>
2005	\$ 4,571,957
2006	4,788,885
2007	5,016,216
Total	<u>\$ 14,377,058</u>

Operating Lease Commitments

The Town is committed under operating leases of real estate, vehicles and office and data processing equipment. Lease expenditures for the year ended June 30, 2004 totaled approximately \$74,201. Future minimum lease payments under the noncancelable operating lease agreements total \$109,000 (\$54,500 and \$54,500 for years ending June 2005 and 2006).

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 \$19,678,924 and \$150,000 per individual for its medical claims.

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 14 - Commitments and Contingencies

Risk Management and Self-Insurance (Continued)

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 are administered by the Town and 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, 2004, the Town paid approximately \$617,221 to retirees.

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>
2004	\$1,917,058	\$ 14,393,235	\$14,480,274	\$ 1,830,019
2003	1,990,437	14,281,251	14,354,630	1,917,058

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.

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 14 - Commitments and Contingencies (Continued)

Other Post-employment Benefits (Continued)

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 \$1,080,357 (Town \$197,325 and Board of Education \$888,032).

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.

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.

TOWN OF HAMDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Note 15 - Subsequent Events

Bond Issuance

On September 15, 2004, the Town issued a General Obligation refunding bond totaling \$23,325,000. The bond will be paid over a 15 year period with interest rates of 2.75% to 5.00%. The purpose of the bond is to pay current and advanced debt obligations in an effort to reduce annual bond costs.

Bond Anticipation Refunding Note

On July 30, 2004, the Town issued a bond anticipation refunding note totaling \$12,715,000. The note will be due July 29, 2005 with interest of 2.65%. The purpose of the note was to pay the bond anticipation note issued June 15, 2004.

TOWN OF HAMDEN, CONNECTICUT

GENERAL FUND
STATEMENT OF EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Board of Education:	\$ 74,016,473	74,102,749	74,100,020	2,729
General Government:				
Legislative Council	\$ 1,489,226	894,103	821,801	72,302
Mayor	370,707	414,654	401,226	13,428
Elections and Registrar	211,070	146,983	137,360	9,623
Finance	3,081,137	3,296,373	3,262,633	33,740
Tax Assessor	390,319	354,319	346,020	8,299
Review of Assessments	5,150	5,150	5,100	50
Tax Collector	475,227	438,161	415,003	23,158
Town Attorney	503,725	660,965	659,798	1,167
Town Clerk	404,663	417,488	408,701	8,787
Planning and Zoning	357,124	373,724	352,881	20,843
Personnel	261,364	240,864	202,357	38,507
Economic Development	132,093	131,413	129,607	1,806
Purchasing	657,414	619,967	545,098	74,869
Probate Court	17,000	17,000	15,282	1,718
Board of Ethics	2,000	10,000	8,305	1,695
Total General Government	\$ 8,358,219	8,021,164	7,711,172	309,992
Public Safety:				
Animal Control	\$ 84,554	86,154	80,643	5,511
Police Department	9,350,267	9,086,873	8,971,721	115,152
Fire Department	8,983,588	8,964,498	8,826,788	137,710
Civil Defense and Preparedness	11,200	11,200	8,597	2,603
Total Public Safety	\$ 18,429,609	18,148,725	17,887,749	260,976
Public Works:				
Building Administration	\$ 294,889	292,689	273,295	19,394
Traffic	315,324	328,470	325,269	3,201
Public Works Department	8,749,901	9,355,862	9,370,409	(14,547)
Sewer Usage Charges	18,000	23,000	23,075	(75)
Engineering	505,694	486,694	482,031	4,663
Total Public Works	\$ 9,883,808	10,486,715	10,474,079	12,636
Health and Welfare:				
Elderly Services	\$ 371,937	360,937	355,883	5,054
Community Services	238,677	240,777	223,809	16,968
Youth Services	190,382	190,382	184,247	6,135
Mental Health	156,000	156,000	156,000	-
Quinnipiac Valley Health	291,245	291,245	291,244	1
Visiting Nurses Association	68,000	69,125	69,125	-
Total Health and Welfare	\$ 1,316,241	1,308,466	1,280,308	28,158

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TOWN OF HAMDEN, CONNECTICUT

GENERAL FUND
STATEMENT OF EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
Culture and Recreation:				
Library	\$ 1,723,574	1,629,485	1,596,791	32,694
Parks and Recreation	1,934,322	1,929,500	1,865,585	63,915
Arts Programs	85,140	84,496	83,990	506
Total Culture and Recreation	<u>\$ 3,743,036</u>	<u>3,643,481</u>	<u>3,546,366</u>	<u>97,115</u>
Employee Benefits:				
Fringes	\$ 9,110,000	9,458,968	10,060,875	(601,907)
Total Employee Benefits	<u>\$ 9,110,000</u>	<u>9,458,968</u>	<u>10,060,875</u>	<u>(601,907)</u>
Debt Service:				
Principal Retirements	\$ 5,685,583	5,573,583	4,691,296	882,287
Interest	3,748,345	3,860,345	3,278,349	581,996
Total Debt Service	<u>\$ 9,433,928</u>	<u>9,433,928</u>	<u>7,969,645</u>	<u>1,464,283</u>
Total Expenditures and Encumbrances	<u>\$ 134,291,314</u>	<u>134,604,196</u>	133,030,214	<u>1,573,982</u>

Budgetary Expenditures are different from GAAP
Expenditures because:

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

\$ 2,187,326

Encumbrances of purchases and commitments ordered
but not received are reported in the year the order is placed for
budgetary purposes, but in the year received for financial purposes.

(430,746)

Equipment purchased under a capital lease agreement were not
budgeted for by the Town, but is recorded as an expenditure for
financial statement purposes.

828,651

Encumbrances of purchases and commitments ordered in the
previous year, that were received and liquidated in the current year
are reported for financial statement purposes.

1,550,475

Total Expenditures and Other Financing Sources are reported on the
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Exhibit D.

\$ 137,165,920

TOWN OF HAMDEN, CONNECTICUT

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004**

Special Revenue Funds

ASSETS	Human Services	Culture and Recreation	Public Safety
Current Assets:			
Cash and Cash Equivalents	\$		2,200
Investments			
Receivables:			
Intergovernmental			40
Other	38,688		
Inventory			
Due From Other Funds	196,270	15,912	164,504
Total Assets	\$ 234,958	15,912	166,744
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 53,616	2,279	28,495
Due To Other Funds	140,494	4,990	91,482
Deferred Revenue	17,822	14,189	71,741
Temporary Notes Payable			
Total Liabilities	\$ 211,932	21,458	191,718
Fund Balances (Deficits):			
Reserved For Encumbrances	\$ 1,081	254	1,494
Reserved For Inventory			
Reserved For Endowments			
Unreserved:			
Undesignated	21,945	(5,800)	(26,468)
Total Fund Balances (Deficits)	\$ 23,026	(5,546)	(24,974)
Total Liabilities and Fund Balances (Deficits)	\$ 234,958	15,912	166,744

Special Revenue Funds

Public Works	Community Development	Town Revitalization Projects	Board of Education	General Government	Total
	7,402	844,094	750,353		1,604,049
		75,953	190,973		-
			13,609		266,966
1,136		103,236	110,742	64,835	38,688
<u>1,136</u>	<u>7,402</u>	<u>1,023,283</u>	<u>1,065,677</u>	<u>64,835</u>	<u>656,635</u>
	39,345	159,252	45,030	37,123	365,140
	37,574	34,725	208,769		518,034
		70,159	348,760	27,220	549,891
<u>-</u>	<u>76,919</u>	<u>264,136</u>	<u>602,559</u>	<u>64,343</u>	<u>1,433,065</u>
	161,807	50		300	164,986
			13,609		13,609
1,136	(231,324)	759,097	449,509	192	968,287
<u>1,136</u>	<u>(69,517)</u>	<u>759,147</u>	<u>463,118</u>	<u>492</u>	<u>1,146,882</u>
<u>1,136</u>	<u>7,402</u>	<u>1,023,283</u>	<u>1,065,677</u>	<u>64,835</u>	<u>2,579,947</u>

TOWN OF HAMDEN, CONNECTICUT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

Capital Projects Funds

ASSETS	Farmington Canal	Wintergreen Interdistrict Magnet School	Construction of Spring Glen School	Brooksvale Park Renovation and Acquisition Grant
Cash and Cash Equivalents	\$	60,016	7,954	
Investments				
Receivables:				
Intergovernmental	169,143	749,773		698,400
Other				
Inventory				
Due From Other Funds	968,002		2,316	14,487
Total Assets	\$ 1,137,145	809,789	10,270	712,887
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 18,062		6,371	4,816
Due To Other Funds	918,863	950,112	1,472,932	
Deferred Revenue	19,337			360
Temporary Notes Payable	892,741			2,959,086
Total Liabilities	\$ 1,849,003	950,112	1,479,303	2,964,262
Fund Balances (Deficits):				
Reserved For Encumbrances	\$ 29,402	1,464	135,259	732
Reserved For Inventory				
Reserved For Endowments				
Unreserved:				
Undesignated	(741,260)	(141,787)	(1,604,292)	(2,252,107)
Total Fund Balances (Deficits)	\$ (711,858)	(140,323)	(1,469,033)	(2,251,375)
Total Liabilities and Fund Balances (Deficits)	\$ 1,137,145	809,789	10,270	712,887

Capital Projects Funds

Bear Path School Renovations	New Hamden Middle School	Other Capital Projects	Total	Permanent Fund Bequest Fund	Total
218,872	1,570,984	404,100	2,261,926	12,824	3,878,799
			-		-
		332,301	1,949,617		2,216,583
			-		38,688
			-		13,609
<u>2,046,720</u>	<u>1,087</u>	<u>1,710,763</u>	<u>4,743,375</u>		<u>5,400,010</u>
<u>2,265,592</u>	<u>1,572,071</u>	<u>2,447,164</u>	<u>8,954,918</u>	<u>12,824</u>	<u>11,547,689</u>
231,802	96,681	367,478	725,210		1,090,350
3,269,870	157,596	4,114,463	10,883,836	1,381	11,403,251
		12,182	31,879		581,770
			<u>3,851,827</u>		<u>3,851,827</u>
<u>3,501,672</u>	<u>254,277</u>	<u>4,494,123</u>	<u>15,492,752</u>	<u>1,381</u>	<u>16,927,198</u>
421,076	395,869	580,273	1,564,075		1,729,061
			-		13,609
				11,433	11,443
<u>(1,657,156)</u>	<u>921,925</u>	<u>(2,627,232)</u>	<u>(8,101,909)</u>		<u>(7,133,622)</u>
<u>(1,236,080)</u>	<u>1,317,794</u>	<u>(2,046,959)</u>	<u>(6,537,834)</u>	<u>11,433</u>	<u>(5,379,509)</u>
<u>2,265,592</u>	<u>1,572,071</u>	<u>2,447,164</u>	<u>8,954,918</u>	<u>12,814</u>	<u>11,547,689</u>

TOWN OF HAMDEN, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004**

	Special Revenue Funds		
	Human Services	Culture and Recreation	Public Safety
Revenues:			
Intergovernmental	\$ 127,339		102,500
Charges for Services	122,627		
Investment Earnings			211
Other	161	6,427	10,190
Total Revenues	\$ 250,127	6,427	112,901
Expenditures:			
Education	\$ 34,993	2,317	
General Government			
Public Safety			142,875
Public Works			
Health and Welfare	194,714		
Culture and Recreation		22,919	
Community Development			
Capital Outlay			
Bond Issuance Costs			
Total Expenditures	\$ 229,707	25,236	142,875
Excess (Deficiency) of Revenues Over Expenditures	\$ 20,420	(18,809)	(29,974)
Other Financing Sources (Uses):			
Long-Term Debt Issued	\$		
Transfers In			
Total Other Financing Sources (Uses)	\$ -	-	-
Net Changes In Fund Balances (Uses)	\$ 20,420	(18,809)	(29,974)
Fund Balance - Beginning	\$ 2,606	13,263	5,000
Fund Balances - Ending	\$ 23,026	(5,546)	(24,974)

Special Revenue Funds

<u>Public Works</u>	<u>Community Development</u>	<u>Town Revitalization Projects</u>	<u>Board of Education</u>	<u>General Government</u>	<u>Total</u>
8,041	547,922	97,487	4,583,895	69,252	5,536,436
			1,346,427		1,469,054
		9,838	53		10,102
<u>2,818</u>		<u>5,000</u>	<u>233,964</u>		<u>258,560</u>
<u>10,859</u>	<u>547,922</u>	<u>112,325</u>	<u>6,164,339</u>	<u>69,252</u>	<u>7,274,152</u>
			6,182,266		6,219,576
				71,452	71,452
10,859		10,000			142,875
					20,859
					194,714
					22,919
	617,439	442,248			1,059,687
			57,343		57,343
					-
<u>10,859</u>	<u>617,439</u>	<u>452,248</u>	<u>6,239,609</u>	<u>71,452</u>	<u>7,789,425</u>
-	(69,517)	(339,923)	(75,270)	(2,200)	(515,273)
					-
					-
-		-	-	-	-
-	(69,517)	(339,923)	(75,270)	(2,200)	(515,273)
<u>1,136</u>	<u>-</u>	<u>1,099,070</u>	<u>538,388</u>	<u>2,692</u>	<u>1,662,155</u>
<u>1,136</u>	<u>(69,517)</u>	<u>759,147</u>	<u>\$ 463,118</u>	<u>492</u>	<u>1,146,882</u>

TOWN OF HAMDEN, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004**

	Capital Projects Funds			
	Farmington Canal	Wintergreen Interdistrict Magnet School	Construction of Spring Glen School	Brooksvale Park Renovation and Acquisition Grant
Revenues:				
Intergovernmental	\$ 101,129	250,747		709,299
Charges for Services				
Investment Earnings				
Other	56,800			
Total Revenues	\$ 157,929	250,747	-	709,299
Expenditures:				
Education				
General Government				
Public Safety				
Public Works				
Health and Welfare				
Culture and Recreation				
Community Development				
Capital Outlay	77,016	47,525	3,410,913	2,932,403
Bond Issuance Costs				
Total Expenditures	\$ 77,016	47,525	3,410,913	2,932,403
Excess (Deficiency) of Revenues Over Expenditures	\$ 80,913	203,222	(3,410,913)	(2,223,104)
Other Financing Sources (Uses):				
Long-Term Debt Issued				
Transfers In				
Total Other Financing Sources (Uses)	\$ -	-	-	-
Net Changes in Fund Balances (Uses)	\$ 80,913	203,222	(3,410,913)	(2,223,104)
Fund Balance - Beginning	\$ (792,771)	(343,545)	1,941,880	(28,271)
Fund Balances - Ending	\$ (711,858)	(140,323)	(1,469,033)	(2,251,375)

Capital Projects Funds					
Bear Path School Renovations	New Hamden Middle School	Other Capital Projects	Total	Permanent Fund Bequest Fund	Total
		321,439	1,382,614		6,919,050
			-		1,469,054
		77,164	77,164	92	87,358
			56,800		315,360
<u>-</u>	<u>-</u>	<u>398,603</u>	<u>1,516,578</u>	<u>92</u>	<u>8,790,822</u>
			-		6,219,576
		775,564	775,564		847,016
			-		142,875
		472,649	472,649		493,508
			-		194,714
		7,821	7,821	1,000	31,740
			-		1,059,687
4,093,044	2,006,252	546,459	13,113,612		13,170,955
			-		-
<u>4,093,044</u>	<u>2,006,252</u>	<u>1,802,493</u>	<u>14,369,646</u>	<u>1,000</u>	<u>22,160,071</u>
<u>(4,093,044)</u>	<u>(2,006,252)</u>	<u>(1,403,890)</u>	<u>(12,853,068)</u>	<u>(908)</u>	<u>(13,369,249)</u>
			-		-
		75,000	75,000		75,000
			-		-
		75,000	75,000		75,000
			-		-
(4,093,044)	(2,006,252)	(1,328,890)	(12,778,068)	(908)	(13,294,249)
2,856,964	3,324,046	(718,069)	6,240,234	12,351	7,914,740
<u>(1,236,080)</u>	<u>1,317,794</u>	<u>(2,046,959)</u>	<u>(6,537,834)</u>	<u>11,443</u>	<u>(5,379,509)</u>

TOWN OF HAMDEN, CONNECTICUT
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004

	Pension Trust Fund	Private Purpose Trust Funds	
	Employee Retirement	Library Gift Fund	Hamden Arts Commission
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 445,029	69,074	52,189
Investments	82,738,137		
Interest Receivable	13,164		
Other Receivables	151,450		
Prepaid Expenses	660,604		
Due From Other Funds			
Total Assets	\$ 84,008,384	69,074	52,189
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 222,835		
Deferred Revenue			
Due To Other Funds			
Other Liabilities			
Total Current Liabilities	\$ 222,835	-	-
Net Assets:			
Held In Trust For Pension Benefits	\$ 83,785,549		
Reserved for Encumbrances			
Unrestricted and Undesignated		69,074	52,189
Total Net Assets	\$ 83,785,549	69,074	52,189

SCHEDULE 4

<u>Private Purpose Trust Funds</u>		<u>Agency Funds</u>				<u>Total</u>
<u>Other</u>						<u>Fiduciary</u>
<u>Private Purpose</u>	<u>Total</u>	<u>Student</u>	<u>Adult</u>	<u>Performance</u>	<u>Total</u>	<u>Funds</u>
<u>Trust Funds</u>		<u>Activity</u>	<u>Activity</u>	<u>Bonds</u>		
54,370	175,633	174,487	54,654	807,260	1,036,401	1,657,063
	-				-	82,738,137
	-				-	13,164
	-				-	151,450
	-				-	660,604
<u>89,615</u>	<u>89,615</u>			<u>161,697</u>	<u>161,697</u>	<u>251,312</u>
<u>143,985</u>	<u>265,248</u>	<u>174,487</u>	<u>54,654</u>	<u>968,957</u>	<u>1,198,098</u>	<u>85,471,730</u>
12,096	12,096				-	234,931
16,135	16,135				-	16,135
33,518	33,518				-	33,518
	-	174,487	54,654	968,957	1,198,098	1,198,098
<u>61,749</u>	<u>61,749</u>	<u>174,487</u>	<u>54,654</u>	<u>968,957</u>	<u>1,198,098</u>	<u>1,482,682</u>
	-				-	83,785,549
	-				-	-
<u>82,236</u>	<u>203,499</u>				-	<u>203,499</u>
<u>82,236</u>	<u>203,499</u>	-	-	-	-	<u>83,989,048</u>

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
JUNE 30, 2004

	Pension	Private Purpose Trust Funds	
	Trust Fund	Library	Hamden
	Employee	Gift	Arts
	Retirement	Fund	Commission
Additions:			
Contributions:			
Employer Contributions From General Fund	\$ 1,000,000		
Employee Contributions	1,653,368		
Total Contributions	\$ 2,653,368	-	-
Investment Income:			
Net Depreciation in Fair Value of Investments	\$ 5,684,255		
Interest and Dividends	2,187,143	515	78
Other Income		92,929	64,644
Total Investment Income	\$ 7,871,398	93,444	64,722
Less, Investment Expenses:			
Investment Management Fees	349,069		
Net Investment Income or (Loss)	\$ 7,522,329	93,444	64,722
Total Additions	\$ 10,175,697	93,444	64,722
Deductions:			
Benefits and Other Deductions	\$ 12,614,150	91,355	71,843
Net Change in Net Assets	\$ (2,438,453)	2,089	(7,121)
Net Assets Held In Trust for Pension Benefits and Other Purposes - Beginning of Year	86,224,002	66,985	59,310
Net Assets Held In Trust for Pension Benefits and Other Purposes - End of Year	\$ 83,785,549	69,074	52,189

SCHEDULE 5

<u>Private Purpose Trust Funds</u>		
<u>Other Private Purpose Trust Funds</u>	<u>Total</u>	<u>Total Fiduciary Funds</u>
	-	1,000,000
	-	1,653,368
-	-	<u>2,653,368</u>
		5,684,255
404	997	2,188,140
<u>55,236</u>	<u>212,809</u>	<u>212,809</u>
<u>55,640</u>	<u>213,806</u>	<u>8,085,204</u>
	-	<u>349,069</u>
<u>55,640</u>	<u>213,806</u>	<u>7,736,135</u>
<u>55,640</u>	<u>213,806</u>	<u>10,389,503</u>
<u>47,954</u>	<u>211,152</u>	<u>12,825,302</u>
7,686	2,654	(2,435,799)
<u>74,550</u>	<u>200,845</u>	<u>86,424,847</u>
<u>82,236</u>	<u>203,499</u>	<u>83,989,048</u>

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TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2004

	<u>Workers' Compensation Fund</u>	<u>Medical Insurance Fund</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 49,302	217,851	267,153
Other Receivables	100,000		100,000
Due From Other Funds	5,299		5,299
Total Current Assets	<u>\$ 154,601</u>	<u>217,851</u>	<u>372,452</u>
Total Assets	<u>\$ 154,601</u>	<u>217,851</u>	<u>372,452</u>
LIABILITIES			
Current Liabilities:			
Due to Other Fund	\$	860,000	860,000
Accounts Payable	186,423		186,423
Claims Incurred But Not Reported	287,925	1,542,085	1,830,010
Total Current Liabilities	<u>\$ 474,348</u>	<u>2,402,085</u>	<u>2,876,433</u>
Total Liabilities	<u>\$ 474,348</u>	<u>2,402,085</u>	<u>2,876,433</u>
NET ASSETS			
Net Assets	\$ (319,747)	(2,184,234)	(2,503,981)
Total Net Assets	<u>\$ (319,747)</u>	<u>(2,184,234)</u>	<u>(2,503,981)</u>

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2004

	<u>Workers' Compensation Fund</u>	<u>Medical Insurance Fund</u>	<u>Total</u>
OPERATING REVENUES:			
Charges For Services	\$ <u>1,100,000</u>	<u>16,991,810</u>	<u>18,091,810</u>
OPERATING EXPENSES:			
Claims Expense	\$ <u>783,565</u>	<u>17,758,899</u>	<u>18,542,464</u>
Operating Income (Loss)	\$ <u>316,435</u>	<u>(767,089)</u>	<u>(450,654)</u>
NON-OPERATING REVENUES (EXPENSES):			
Investment Earnings	\$ <u>686</u>	<u>3,165</u>	<u>3,851</u>
Change In Net Assets	\$ <u>317,121</u>	<u>(763,924)</u>	<u>(446,803)</u>
Net Assets - Beginning	<u>(636,868)</u>	<u>(1,420,310)</u>	<u>(2,057,178)</u>
Net Assets - Ending	\$ <u><u>(319,747)</u></u>	<u><u>(2,184,234)</u></u>	<u><u>(2,503,981)</u></u>

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
JUNE 30, 2004

	Workers' Compensation Fund	Medical Insurance Fund	Total
Cash Flows From Operating Activities			
Receipts From Customers and Users	\$ 1,059,884	17,767,540	18,827,424
Cash Payments for Claims and Fees	(1,028,840)	(17,552,854)	(18,581,694)
Net Cash Provided (Used) By Operating Activities	<u>\$ 31,044</u>	<u>214,686</u>	<u>245,730</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment Income	\$ 686	3,165	3,851
Net Cash Provided By Investing Activities	<u>\$ 686</u>	<u>3,165</u>	<u>3,851</u>
Net Increase (Decrease) In Cash and Cash Equivalents	\$ 31,730	217,851	249,581
Cash and Cash Equivalents - Beginning	<u>17,572</u>	<u> </u>	<u>17,572</u>
Cash and Cash Equivalents - Ending	<u>\$ 49,302</u>	<u>217,851</u>	<u>267,153</u>
Reconciliation Of Operating Income To Net Cash Provided (Used) By Operating Activities:			
Operating Income or (Loss) from Operations	\$ 316,435	(690,372)	(373,937)
Adjustment to Reconcile Operating Loss to Net Cash Used in Operating Activities:			
Changes in Assets and Liabilities:			
(Increase) Decrease in Due to Other Funds	\$	860,000	860,000
(Increase) Decrease in Other Receivables	(40,117)	700,000	659,883
Increase (Decrease) in Cash Overdraft		(884,270)	(884,270)
Increase (Decrease) in Accounts Payable	(147,819)		(147,819)
Increase (Decrease) in Claims Liabilities	(97,455)	306,045	208,590
Total Adjustments	<u>\$ (285,391)</u>	<u>981,775</u>	<u>696,384</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 31,044</u>	<u>291,403</u>	<u>322,447</u>

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY
AS OF JUNE 30, 2004**

	<u>Land and Improvements</u>	<u>Building and Improvements</u>	<u>Furniture, Fixtures, Vehicles and Equipment</u>
General Government	\$ 6,169,160	5,139,700	384,972
Board of Education	4,667,728	92,450,324	3,170,733
Public Works	1,098,120	747,569	4,235,487
Health and Welfare		644,800	31,300
Public Safety	185,851	688,392	5,244,754
Cultural and Recreation	<u>3,242,891</u>	<u>7,277,995</u>	<u>1,515,126</u>
Total Capital Assets	\$ <u>15,363,750</u>	<u>106,948,780</u>	<u>14,582,372</u>

SCHEDULE 9

<u>Construction In Progress</u>	<u>Infrastructure</u>	<u>Total</u>
460,867		12,154,699
5,920,569		106,209,354
2,698,101	79,895,958	88,675,235
		676,100
		6,118,997
<u>2,617,087</u>		<u>14,653,099</u>
<u>11,696,624</u>	<u>79,895,958</u>	<u>228,487,484</u>

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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, 2004**

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30 2004</u>
General Government	\$ 11,618,580	610,919	74,800	12,154,699
Board of Education	99,497,871	34,435,716	27,724,233	106,209,354
Public Works	85,070,587	3,645,248	40,600	88,675,235
Health and Welfare	676,100			676,100
Public Safety	6,141,353	147,004	169,360	6,118,997
Cultural and Recreation	<u>9,161,248</u>	<u>5,592,880</u>	<u>101,029</u>	<u>14,653,099</u>
Total Capital Assets	\$ <u>212,165,739</u>	<u>44,431,767</u>	<u>28,110,022</u>	<u>228,487,484</u>

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF DEBT LIMITATION
YEAR ENDED JUNE 30, 2004**

Total Tax Collections (Including Interest and Lien Fees)
For The Year Ended June 30, 2004

Reimbursement For Revenue Loss On:
Elderly Tax Relief

Base

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>
Debt Limitation:			
2 1/4 Times Base	\$ 222,459,869		
4 1/2 Times Base		444,979,737	
3 3/4 Times Base			370,816,448
3 1/4 Times Base			
3 Times Base			
7 Times Base			
	<hr/>	<hr/>	<hr/>
Total Debt Limitation	\$ <u>222,459,869</u>	<u>444,979,737</u>	<u>370,816,448</u>
Indebtedness:			
Bonds Payable	\$ 23,123,552	59,862,177	5,459,271
Clean Water Debt			45,599
Bonds Authorized and Unissued	<u>1,000</u>	<u>39,935,000</u>	<hr/>
Total Indebtedness of the City	\$ 23,124,552	99,797,177	5,504,870
Less: School Construction Grants Receivable		<u>(29,400,000)</u>	<hr/>
Total Indebtedness	\$ <u>23,124,552</u>	<u>70,397,177</u>	<u>5,504,870</u>
Debt Limitation In Excess of Outstanding and Authorized Debt	\$ <u><u>199,335,317</u></u>	<u><u>374,582,560</u></u>	<u><u>365,311,578</u></u>

SCHEDULE 11

\$ 98,827,338

57,048

\$ 98,884,386

Urban Renewal	Pension Bonding	Total
321,374,288	296,653,158	<u>692,190,702</u>
321,374,288	296,653,158	<u>692,190,702</u>
		88,445,000
		45,599
		<u>39,936,000</u>
-	-	128,426,599
		<u>(29,400,000)</u>
-	-	<u>99,026,599</u>
<u>321,374,288</u>	<u>296,653,158</u>	<u>593,164,103</u>

TOWN OF HAMDEN, CONNECTICUT
SCHEDULE OF PROPERTY TAXES
FOR THE YEAR ENDED JUNE 30, 2004

	Balance Uncollected June 30, 2003 and Current List	Lawful Correction		Transfers To/From Suspense	Adjusted Balance To Be Collected
		Additions	(Deletions)		
1987	\$ (28,295)		28,295		-
1988	(12,266)		12,328		62
1989	15,323				15,323
1990	30,389				30,389
1991	36,494		(119)		36,375
1992	39,617				39,617
1993	44,693				44,693
1994	51,926				51,926
1995	68,464		181		68,645
1996	70,898		499		71,397
1997	36,125		163		36,288
1998	61,866		43		61,909
1999	94,712		69		94,781
2000	557,615		(6,478)	(364,917)	186,220
2001	1,744,611		(32,628)	(57,405)	1,654,578
Prior Years					
Total	\$ 2,812,172	-	2,353	(422,322)	2,392,203
2002		98,767,235	(535,655)		98,231,580
	<u>\$ 2,812,172</u>	<u>98,767,235</u>	<u>(533,302)</u>	<u>(422,322)</u>	<u>100,623,783</u>

SCHEDULE 12

Cash Collections				Balance
Tax	Interest	Lien Fee	Total	Uncollected June 30, 2004
			-	-
62	186		248	-
68	187		255	15,255
74	189		263	30,315
386	789		1,175	35,989
3,060	2,919		5,979	36,557
3,439	3,223		6,662	41,254
1,589	2,454		4,043	50,337
1,763	3,439		5,202	66,882
1,584	1,944		3,528	69,813
83	107		190	36,205
6,767	3,047		9,814	55,142
18,542	10,414		28,956	76,239
147,564	48,258		195,822	38,656
<u>1,210,051</u>	<u>210,079</u>		<u>1,420,130</u>	<u>444,527</u>
1,395,032	287,235	-	1,682,267	997,171
<u>96,843,198</u>	<u>424,953</u>		<u>97,268,151</u>	<u>1,388,382</u>
<u><u>98,238,230</u></u>	<u><u>712,188</u></u>	<u><u>-</u></u>	<u><u>98,950,418</u></u>	<u><u>2,385,553</u></u>

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF SPECIAL ASSESSMENTS LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2004**

<u>District</u>	<u>Balance Uncollected July 1, 2003</u>	<u>Adjustments</u>	<u>Additional Assessments</u>	<u>Adjusted Balance To Collect</u>
Evergreen - Shepard	\$ 9,598			9,598
Dunbar Hill	13,568			13,568
	<u>\$ 23,166</u>	<u>-</u>	<u>-</u>	<u>23,166</u>

SCHEDULE 13

<u>Assessment</u>	<u>Collections</u>			<u>Balance Uncollected July 1, 2004</u>
	<u>Interest</u>	<u>Fees</u>	<u>Total</u>	
2,402			2,402	7,196
3,289			3,289	10,279
<u>5,691</u>	<u>-</u>	<u>-</u>	<u>5,691</u>	<u>17,475</u>

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF CAPITAL PROJECT EXPENDITURES
COMPARED WITH PROJECT AUTHORIZATION
FOR THE YEAR ENDED JUNE 30, 2004

Project	Project Authorization	Expenditures During Year	Cumulative	Balance June 30, 2004
Hamden High School Renovations/Additions	\$ 239,537	843	234,698	4,839
BOE HHS Capital Improvements	1,870,000	331,572	331,572	1,538,428
Hamden School Systems Capital Improvements	530,000		526,159	3,841
Ridge Hill and West Woods	1,200,000	1,081,198	1,081,198	118,802
Capital Improvements 2003/2004	2,306,000	557,423	742,975	1,563,025
Capital Improvements 2002/2003 - Phase 1	3,650,000	859,348	2,556,371	1,093,629
Capital Improvements 2002/2003 - Phase 2	830,000	31,091	31,091	798,909
Capital Improvements 2003/2004	1,836,000	353,596	1,511,783	324,217
Capital Improvements 2000/2001	1,010,000		848,520	161,480
Capital Improvements 1999/2000	1,518,000		1,496,500	21,500
Capital Improvements 1999/2000	808,500		786,763	21,737
Capital Improvements 1998/1999	2,968,600	213,892	2,845,237	123,363
Town Road Aid	139,351	20,941	20,941	118,410
Hamden Ice Rink	1,769,441	25,621	549,401	1,220,040
Wintergreen School	15,515,000	47,525	15,079,369	435,631
Brooksvale Park Trail	14,610	7,821	7,821	6,789
Architect Services Center One	25,000	5,190	5,190	19,810
Center One Government Center	2,408,882	338,030	2,363,234	45,648
Center One HVAC	550,000	52,771	52,771	497,229
Public Works Replacement Trucks 04/05 (3)	300,000			300,000
BOE Roof Replacement Steps & Reach	335,000			335,000
Police Substation Light House	50,000			50,000
Welton Street Pump Station	2,360,000	3,620	3,620	2,356,380
Glendower Park	338,402		338,402	-
Brooksvale Park	3,124,500	2,933,135	2,959,835	164,665
Farmington Canal	5,992,603	27,205	5,074,110	918,493
Local Capital Improvements:				
Newhall Roof Replacement	27,531	27,531	27,531	-
M.L. Keefe Center Renovation	367,000	183,614	271,809	95,191
M.L. Keefe Elevator Project	20,000	2,000	20,000	-
M.L. Keefe Roof Replacement	77,000	70,015	70,015	6,985
Library Renovation Projects	212,000			212,000
Part IV - Development & Conservation	50,000	31,360	50,000	-
Backflow Preventer	13,090	13,090	13,090	-
Public Access Defibrulation	29,984	29,984	29,984	-
Improvements to Circular Ave. Library	33,500	33,500	33,500	-
Police Annex Building Improvements	40,000	742	742	39,258
Transfer Station Feasibility Study	25,000	13,800	13,800	11,200
Epoxy Crosswalk Project	34,000	4,000	34,000	-
Soccer Field Irrigation Project	35,000	35,000	35,000	-
Stand-by Generator - Police	48,400		44,000	4,400
Brooksvale Park Building Materials	43,030		37,490	5,540
Purchase Installation Animal Pen	6,000	6,000	6,000	-
Mix Avenue Tennis Courts Renovations	199,970	1,689	199,970	-

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF CAPITAL PROJECT EXPENDITURES
 COMPARED WITH PROJECT AUTHORIZATION
 FOR THE YEAR ENDED JUNE 30, 2004**

<u>Project</u>	<u>Project Authorization</u>	<u>Expenditures During Year</u>	<u>Cumulative</u>	<u>Balance June 30, 2004</u>
Spring Glen School	\$ 16,375,000	1,590,218	16,233,707	141,293
Revaluation of Real Property Grand List	1,100,000		1,100,000	-
BOE Athletic Fields	3,800,000	9,377	3,789,976	10,024
Bear Path School	14,730,000	1,355,626	14,609,018	120,982
Hamden Middle School	43,995,000	191,666	3,679,472	40,315,528
Reconstruction of Shepard Avenue	100,000		90,000	10,000
Tuttle Avenue Bridge	133,915	32,664	133,915	-
Hamden Industrial Park II	31,484			31,484
Hamden Industrial Park II - Property Acquisition	32,136			32,136
Newhall Street Environmental Studies	2,961,327	773,100	2,732,513	228,814
Pardee Brook Flood Repair Project	80,000		79,100	900
Police & Fire Headquarter Feasibility Study	200,000		131,723	68,277
Total	\$ 136,489,793	11,295,798	82,913,916	53,575,877

TOWN OF HAMDEN, CONNECTICUT

TRANSPORTATION PROGRAM FOR THE ELDERLY
 STATEMENT OF REVENUES AND EXPENSES
JUNE 30, 2004

Revenues:

Town of Hamden Budget	\$	233,052
Passenger Donations		3,780
Total Revenues	\$	<u>236,832</u>

Expenses:

Salaries and Benefits:

Salaries	\$	124,378
Benefits		80,845
Total Salaries and Benefits	\$	<u>205,223</u>

Operating Expenses:

Insurance	\$	9,000
Vehicle Maintenance		5,950
Fuel		7,784
Administrative Expenses		5,095
Total Operating Expenses	\$	<u>27,829</u>

Total Expenses	\$	<u>233,052</u>
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