

TOWN OF HAMDEN, CONNECTICUT

FINANCIAL REPORT

JUNE 30, 2006



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, 2006, 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 current 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.

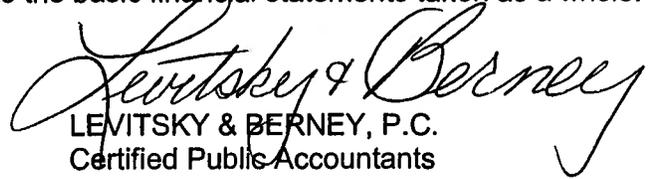
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2006, 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 January 18, 2007, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion over internal control and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary information on pages 3 through 14 and Exhibit F are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We, have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

January 18, 2007



TOWN OF HAMDEN

FINANCE DEPARTMENT

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Hamden, Connecticut 06518
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MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2006

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, 2006.

Financial Points of Interest

- On a government-wide basis, the net assets of the Town of Hamden exceed its liabilities at June 30, 2006 by \$37,271,704. Net assets for Governmental Activities were \$37,271,704 and net assets for Business-Type Activities were (0.00). Of the Town's total net assets, (\$94,388,083) is unrestricted.
- During the current year on a government-wide basis, total net assets increased by \$16,494,826. Net assets increased \$9,575,666 for Governmental Activities and increased \$6,919,160 for Business-Type Activities. Government-wide net expenses were \$137,368,729 and government-wide general revenues were \$153,863,555.
- At June 30, 2006 the Town of Hamden's governmental funds reported combined ending fund balances of positive \$4,828,190. This is an increase of \$16,928,164 over the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,723,161 or 4.1% of the fiscal year 2007 adopted budget.
- The town issued \$25,065,000 of general obligation bonds and \$3,592,000 general obligation bond anticipation notes. These bonds were used for the new Hamden Middle School and other capital improvement projects.

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, 2007 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 only business-type activity of the Town of Hamden is the Internal Service Funds (Insurances).

The government-wide financial statements can be found in Exhibits A and B of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control 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 in Schedules 3 and 4 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 in Exhibits C and D 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 fund to report the activities of the Internal Service fund. 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 in Exhibits G, H and I of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to 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 in Exhibits J and K 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 27-53 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 10 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 \$37,271,704.

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, 2007.

Town of Hamden, Connecticut
Net Assets
June 30, 2006 and 2005

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 45,900,330	56,256,907	\$ (4,473,224)	\$	45,900,330	51,783,683
Capital assets	228,153,812	198,415,375	4,107,058	228,153,812	202,522,433	202,522,433
Total assets	274,054,142	254,672,282	(366,166)	274,054,142	254,306,116	254,306,116
Current Liabilities	27,978,626	53,937,787	1,443,567	27,978,626	55,381,354	55,381,354
Long-term liabilities	208,803,812	173,038,457	5,109,427	208,803,812	178,147,884	178,147,884
Total liabilities	236,782,438	226,976,244	6,552,994	236,782,438	233,529,238	233,529,238
Net Assets:						
Invested in capital assets, net of related debt	131,648,223	121,144,050	4,067,042	131,648,223	125,211,092	125,211,092
Restricted	11,564	52,554	11,564	11,564	52,554	52,554
Unrestricted	(94,388,083)	(93,500,565)	(10,986,202)	(94,388,083)	(104,486,768)	(104,486,768)
Total net assets	\$ 37,271,704	27,696,038	\$ (6,919,160)	\$ 37,271,704	20,776,878	20,776,878

In August of 2006, the Town of Hamden sold the assets of water pollution control authority, one of its business-type activities.

Town of Hamden, Connecticut
Changes in Net Assets
June 30, 2006 and 2005

	Governmental activities		Business-type activities		Total	
	2,006	2,005	2,006	2,005	2,006	2,005
Revenues						
Program Revenues:						
Charges for services	\$ 7,799,321	7,755,609	\$ 393,802	4,705,749	\$ 8,193,123	12,461,358
Operating grants and contributions	4,308,217	7,051,573			4,308,217	7,051,573
Capital grants and contributions	22,815,449	11,001,212			22,815,449	11,001,212
General Revenues						0
Property Taxes	116,109,903	106,378,992			116,109,903	106,378,992
Grants & Contributions not restricted to specific programs	29,574,342	27,381,194			29,574,342	27,381,194
Investment Earnings	1,702,715	510,827		3,650	1,702,715	514,477
Sale of Assets			6,063,161		6,063,161	0
Debt Transferred	(5,069,441)		5,069,441		0	0
Fund Transferred	4,282,895		(4,282,895)		0	0
Misc.	413,434	569,145			413,434	569,145
Total revenues	181,936,835	160,648,552	7,243,509	4,709,399	189,180,344	165,357,951
Expenses						
Education	90,090,612	86,324,011			90,090,612	86,324,011
General government	17,995,210	16,389,024			17,995,210	16,389,024
Public Safety	10,194,101	32,360,633			10,194,101	32,360,633
Public Works	34,688,311	22,463,759		0	34,688,311	22,463,759
Health and Welfare	13,478,768	2,046,301			13,478,768	2,046,301
Culture and Recreation	2,380,861	6,017,755			2,380,861	6,017,755
Employee Benefits					0	0
Community Development	736,950	857,176			736,950	857,176
Other					0	0
Interest on long-term debt	2,796,356	5,454,004			2,796,356	5,454,004
Water Pollution Control Authority			324,349	5,379,762	324,349	5,379,762
Total expenses	172,361,169	171,912,663	324,349	5,379,762	172,685,518	177,292,425
Change in net assets	9,575,666	(11,264,111)	6,919,160	(670,363)	16,494,826	(11,934,474)
Net assets-beginning of year	27,696,038	38,960,149	(6,919,160)	(6,248,797)	20,776,878	32,711,352
Prior period adjustments					0	0
Net assets-beginning of year-Restated	27,696,038	38,960,149	(6,919,160)	(6,248,797)	20,776,878	32,711,352
Net assets-end of year	\$ 37,271,704	27,696,038	\$ 0	(6,919,160)	\$ 37,271,704	20,776,878

Total net assets for the Town increased by \$16,494,826. Key elements of this change are as follows:

Governmental Activities - Governmental activities increased the Town of Hamden's net assets by \$9,575,666. Key fluctuations in revenue are as follows:

- The total revenue for governmental activities increased \$21,288,283 or 13.26%. Revenue from property taxes increased by \$9,730,911 or 9.15%. This was due mainly to an increase in the revaluation of properties from fiscal year 2005 to 2006.
- Revenue from charges for services increased by \$43,712 or .6%. This was due to increased activity for conveyance taxes.
- Revenue from operating grants and contributions decreased by \$2,743,356 and capital grants and contributions not restricted to specific programs had an increase in revenue of \$11,814,237 for a total increase of \$9,070,881. 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.

For Governmental Activities, major expenditures are for education (51%), public works (20%), and health and welfare (8%). The total expenditures for governmental activities increased by \$448,506 or .03% over the prior year expenditures. Key fluctuations in expenditures are as follows:

- Employee benefits were included in their respective expenditure functions, whereas prior years they were a separate classification.
- The variance in general government and employee benefits occurred due to a reclassification of expenses.
- Interest on long-term debt decreased by \$2,657,648 or 49%. This was due to refinancing and the affect of shifting principal payments to earlier years.

Business-Type Activities – The change in net assets for Business-Type Activities increased by \$7,589,523 from the prior year. Key activities contributing to the increase are as follows:

- The Water Pollution Control Authority assets were sold to New Haven Water Control Authority.
- 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, 2006 the Town of Hamden's governmental funds reported combined ending fund balances of positive \$4,828,190. This is an increase of \$16,928,164 in comparison with the prior year. This increase in fund balance is due primarily to the fact that the Town of Hamden sold its sewer services assets to the New Haven Water Pollution Control Authority.

Intergovernmental Revenue increased from the prior year by \$11,994,922 or 25%. This increase is primarily a result of major capital projects receiving significant grants in fiscal year 2006.

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 \$6,723,161 while the total fund balance was \$11,325,868. 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 4.4% of total general fund budgetary expenditures, while total fund balance represents 7.3% of total general fund budgetary expenditures.

At the end of fiscal year 2006, unreserved, undesignated fund balance was 6.5% of fiscal year 2007's adopted budget.

Synopsis of general fund undesignated and unreserved fund balance.

	(thousands) Fund balance at June 30,	(thousands) Increase/(Decrease) from Prior Year
2006	10,669	4,358
2005	6,311	2,967
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	6,086

The total General Fund Balance of the Town of Hamden increased on a GAAP basis by \$4,864,023 or 75% during the current fiscal year. Key factors in this increase are as follows:

Property taxes, interest and liens exceeded budgeted amount by approx. \$1,002,000; department budgets came under budget by approx. \$395,000 mainly due to unfilled positions.

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.

The unrestricted net assets for the internal service funds (self-insurance) were negative \$3,111,778. 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 the original budget amounted to \$153,007,900 and the final amended budget for the Town of Hamden was \$153,502,872. This represents an increase of \$494,972. The additional amount financed appropriations that were originally not budgeted for.

Capital Asset and Debt Administration

Capital Assets - The Town of Hamden’s investment in capital assets for its governmental activities as of June 30, 2006 is \$228,153,813 (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 \$25,631,379 or 14.9%.

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

- Ending construction of new Hamden Middle School
- Newhall Street Environmental Studies are continuing

Additional information on the Town of Hamden’s capital assets can be found in note 7 on pages 41-42.

**Town of Hamden
Capital Assets, Net of Depreciation**

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 9,233,817	\$ 9,035,000	\$	\$	\$ 9,233,817	\$ 9,035,000
Land improvements	5,569,538	4,403,277			5,569,538	4,403,277
Buildings and Improvements	80,748,504	80,160,776		55,000	80,748,504	80,215,776
Infrastructure	59,082,396	65,244,193		4,052,058	59,082,396	69,296,251
Machinery and equipment	5,468,941	5,588,669			5,468,941	5,588,669
Construction in progress	68,050,616	33,983,460			68,050,616	33,983,460
	<u>\$ 228,153,812</u>	<u>\$ 198,415,375</u>	<u>\$</u>	<u>\$ 4,107,058</u>	<u>\$ 228,153,812</u>	<u>\$ 202,522,433</u>

Long-term Debt –At the end of the current fiscal year, the Town of Hamden had total bonded debt and loans outstanding of \$101,575,000. 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, 2006 and 2005**

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 101,575,000	\$ 78,395,589	\$	\$ 5,069,411	\$ 101,575,000	\$ 83,465,000
Clean water fund notes				40,016		40,016
Total	<u>101,575,000</u>	<u>78,395,589</u>	<u></u>	<u>5,109,427</u>	<u>101,575,000</u>	<u>83,505,016</u>

The Town of Hamden's total bond and note debt increased by \$18,069,984 during the fiscal year 2006. The Town issued \$25,065,000 of general obligation bonds. These bonds were used to complete the new Hamden middle school, Newhall school soil remediation and other Capital improvement projects.

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 2006 is as follows:

Ratio of Debt

	Amount
Legal debt limit	\$ 803,725,083
Total bonded indebtedness	101,575,000
Legal debt margin	702,150,083

The overall statutory debt limitation for the Town of Hamden is equal to seven times the annual receipts from taxation or \$803,725,083. As of June 30, 2006 the Town had \$128,414,752 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 and West Haven. As of October 2005, the labor market area work force was 300,890 with employment of 285,375, and the unemployment rate was 5.15%. The Town of Hamden's workforce was 30,360 with employment of 28,906 and an unemployment rate of 4.8%. The statewide unemployment rate was 4.2% and the United States unemployment rate was 4.9%.

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 2007-2008 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.

STATEMENT OF NET ASSETS
June 30, 2006

	PRIMARY GOVERNMENT		
	Governmental Activities	Business Type Activities	Total*
Assets			
Cash and cash equivalents	\$ 25,414,325		25,414,325
Receivables, net of allowance of uncollectible:			
Property taxes	1,680,621		1,680,621
Special assessments	14,278		14,278
Intergovernmental	18,511,103		18,511,103
Other	241,854		241,854
Inventories	38,149		38,149
Noncurrent assets:			
Capital assets not being depreciated	77,284,433		77,284,433
Capital assets, being depreciated, net of depreciation	150,869,379		150,869,379
Total assets	\$ 274,054,142	-	274,054,142
Liabilities			
Accounts payable	\$ 21,303,317		21,303,317
Deferred revenue	883,373		883,373
Payable to external parties	225,494		225,494
Claims incurred but not reported	1,974,442		1,974,442
Short-term notes payable	3,592,000		3,592,000
Non-current liabilities:			
Due within one year	17,000,111		17,000,111
Due in more than one year	191,803,701		191,803,701
Total liabilities	\$ 236,782,438	-	236,782,438
Net assets			
Investment in capital assets, net of related debt	\$ 131,648,223		131,648,223
Restricted for:			
Endowments	11,564		11,564
Unrestricted	(94,388,083)		(94,388,083)
Total net assets	\$ 37,271,704	-	37,271,704

* After internal balances have been eliminated

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
Education	\$ 90,090,612	1,155,422	3,228,950	21,233,912
General government	17,995,210	4,111,028	21,000	
Public safety	10,194,101	1,580,994	144,301	
Public works	34,688,311	54,807	120,000	
Health and welfare	13,478,768	159,457	179,347	
Culture and recreation	2,380,861	737,613	20,000	1,581,537
Community development	736,950		594,619	
Interest on long-term debt	2,796,356			
Total governmental activities	\$ 172,361,169	7,799,321	4,308,217	22,815,449
Business type activities:				
Water Pollution Control Authority	\$ 324,349	393,802		
Total business-type activities	\$ 324,349	393,802	-	-
Total primary government	\$ 172,685,518	8,193,123	4,308,217	22,815,449

General revenues:
 Property taxes
 Grants and contributions not restricted to specific programs
 Investment earnings
 Sale of assets
 Debt transferred
 Funds transferred
 Miscellaneous
Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets Primary Government		
Governmental Activities	Business Type Activities	Total
(64,472,328)		(64,472,328)
(13,863,182)		(13,863,182)
(8,468,806)		(8,468,806)
(34,513,504)		(34,513,504)
(13,139,964)		(13,139,964)
(41,711)		(41,711)
(142,331)		(142,331)
(2,796,356)		(2,796,356)
<u>(137,438,182)</u>	<u>-</u>	<u>(137,438,182)</u>
	69,453	69,453
<u>-</u>	<u>69,453</u>	<u>69,453</u>
<u>(137,438,182)</u>	<u>69,453</u>	<u>(137,368,729)</u>
116,109,903		116,109,903
29,574,342		29,574,342
1,702,715		1,702,715
	6,063,161	6,063,161
(5,069,441)	5,069,441	-
4,282,895	(4,282,895)	-
413,434		413,434
<u>147,013,848</u>	<u>6,849,707</u>	<u>153,863,555</u>
<u>9,575,666</u>	<u>6,919,160</u>	<u>16,494,826</u>
<u>27,696,038</u>	<u>(6,919,160)</u>	<u>20,776,878</u>
<u>37,271,704</u>	<u>-</u>	<u>37,271,704</u>

TOWN OF HAMDEN, CONNECTICUT

EXHIBIT C

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006**

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Hamden Middle School Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 21,736,495	218,931	294,822	2,215,555	24,465,803
Receivables, net of allowance for uncollectible:					
Property taxes	1,680,621				1,680,621
Special assessments	14,278				14,278
Intergovernmental	17,563,945			947,158	18,511,103
Other	226,554			15,300	241,854
Inventories				38,149	38,149
Due from other funds	4,840,759	3,646,079	1,646,884	2,594,137	12,727,859
Total assets	<u>\$ 46,062,652</u>	<u>3,865,010</u>	<u>1,941,706</u>	<u>5,810,299</u>	<u>57,679,667</u>
Liabilities:					
Accounts payable	9,058,461	1,207,092	7,201,681	1,135,285	18,602,519
Deferred revenue	18,687,759			610,140	19,297,899
Due to other funds	6,990,564			4,368,495	11,359,059
Temporary notes payable		2,205,400		1,386,600	3,592,000
Total liabilities	<u>\$ 34,736,784</u>	<u>3,412,492</u>	<u>7,201,681</u>	<u>7,500,520</u>	<u>52,851,477</u>
Fund balances:					
Reserved for:					
Encumbrances	\$ 420,661	488,803	3,447,721	935,790	5,292,975
Inventories				38,149	38,149
Endowments				11,564	11,564
Subsequent years budget	3,945,991				3,945,991
Arbitration and negotiations	236,055				236,055
Unreserved:					
Undesignated and unreserved	6,723,161	(36,285)	(8,707,696)	(2,675,724)	(4,696,544)
Total fund balances	<u>\$ 11,325,868</u>	<u>452,518</u>	<u>(5,259,975)</u>	<u>(1,690,221)</u>	<u>4,828,190</u>
Total liabilities and fund balances	<u>\$ 46,062,652</u>	<u>3,865,010</u>	<u>1,941,706</u>	<u>5,810,299</u>	

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.	228,153,812
Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due.	(2,209,234)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	18,414,526
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.	(3,111,778)
Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(208,803,812)</u>
Net assets of governmental activities	<u>\$ 37,271,704</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year ended June 30, 2006

	General Fund	Capital Project Fund	Hamden Middle School Project	Other Governmental Funds	Total Governmental Fund
Revenues:					
Property taxes, interest and liens	\$ 115,259,322				115,259,322
Intergovernmental	32,379,764	620,514	20,597,167	5,905,985	59,503,430
Licenses, permits and fees	3,880,845				3,880,845
Charges for services	2,504,512			1,353,964	3,858,476
Investment earnings	1,662,728	15,851		24,136	1,702,715
Miscellaneous	369,826	7,459		134,242	511,527
Total revenues	\$ 156,056,997	643,824	20,597,167	7,418,327	184,716,315
Expenditures					
Current:					
Education	\$ 83,929,730			4,870,817	88,800,547
General government	10,563,186			349,594	10,912,780
Public safety	31,076,903			145,427	31,222,330
Public works	13,221,304			254,595	13,475,899
Health And welfare	1,721,033			422,695	2,143,728
Culture and recreation	5,525,666			32,849	5,558,515
Community development				736,950	736,950
Capital outlay		3,994,784	29,127,473	1,732,493	34,854,750
Principal	5,960,000				5,960,000
Interest	3,777,536				3,777,536
Total expenditures	\$ 155,775,358	3,994,784	29,127,473	8,545,420	197,443,035
Excess (deficiency) of revenues over (under) expenditures	\$ 281,639	(3,350,960)	(8,530,306)	(1,127,093)	(12,726,720)
Other financial sources (uses):					
Proceeds from bond issuance	\$	8,740,600	10,000,000	6,324,400	25,065,000
Proceeds from capital leases	306,989				306,989
Operating transfers in	4,282,895			7,500	4,290,395
Operating transfers (out)	(7,500)				(7,500)
Total other financing sources (uses)	\$ 4,582,384	8,740,600	10,000,000	6,331,900	29,654,884
Net change in fund balances	\$ 4,864,023	5,389,640	1,469,694	5,204,807	16,928,164
Fund balances - beginning	6,461,845	(4,937,122)	(6,729,669)	(6,895,028)	(12,099,974)
Fund balances - ending	\$ 11,325,868	452,518	(5,259,975)	(1,690,221)	4,828,190

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

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006**

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

Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	\$ 16,928,164
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.	29,738,437
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,954,841)
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.	(23,140,892)
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.	(11,643,283)
Internal Services Funds are used by management to change costs of liability and medical insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>(351,919)</u>
Change in Net Assets of Governmental Activities (Exhibit B)	<u>\$ 9,575,666</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes, interest and liens	\$ 114,257,050	114,257,050	115,259,322	1,002,272
Intergovernmental	31,499,870	31,499,870	29,513,464	(1,986,406)
Licenses, permits and fees	3,835,250	3,835,250	3,880,845	45,595
Charges for services	2,764,730	2,764,730	2,504,512	(260,218)
Fines and forfeits	1,000	1,000	-	(1,000)
Investment earnings	450,000	950,000	1,662,728	712,728
Miscellaneous	200,000	200,000	369,826	169,826
Total revenues	\$ 153,007,900	153,507,900	153,190,697	(317,203)
Expenditures:				
Current:				
Education	\$ 80,858,130	81,333,130	81,333,130	-
General government	10,245,510	7,848,285	7,846,730	1,555
Public safety	19,485,700	19,704,883	19,627,310	77,573
Public works	10,190,590	10,592,991	10,345,971	247,020
Health and welfare	1,314,490	1,312,280	1,282,669	29,611
Culture and recreation	3,712,390	3,729,155	3,615,375	113,780
Employee benefits	17,755,040	19,244,611	19,318,800	(74,189)
Debt service:				
Principal retirements	5,652,000	5,960,000	5,960,000	-
Interest	3,794,050	3,777,537	3,777,537	-
Total expenditures	\$ 153,007,900	153,502,872	153,107,522	395,350
Excess of revenues over (under) expenditures	\$ -	5,028	83,175	78,147
Other financing sources and (uses)				
Transfers to other funds		(7,500)	(7,500)	-
Total other financing sources and (uses)	\$	(7,500)	(7,500)	-
Net changes in fund balance	\$ -	(2,472)	75,675	78,147
Designated for the fiscal year 2006-2007				
Operating Budget			(3,945,991)	
The W.P.C.A sold assets and transferred the net proceeds to the Town's general fund with no restrictions placed on the amount. This amount was not budgeted for in the Town's current operating budget.				
			4,282,895	
Unreserved fund balance, beginning of year			6,310,582	
Unreserved fund balance, end of year			6,723,161	

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

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2006

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Water Pollution Control Authority</u>	<u>Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	948,522
Accounts receivable, net of allowance for uncollectible		
Due from other funds		5,299
Prepaid items		
Total current assets	<u>\$ -</u>	<u>953,821</u>
Capital assets:		
Building	\$	
Infrastructure		
Less accumulated depreciation		
Total capital assets	<u>\$ -</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>953,821</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$	491,564
Due to other funds		1,599,593
Claims incurred but not reported		1,974,442
Long-term liabilities, current portion		
Total current liabilities	<u>\$ -</u>	<u>4,065,599</u>
Non-current liabilities:		
Long-term liabilities, less current portion	\$	
Total non-current liabilities	<u>\$ -</u>	<u>-</u>
Total liabilities	<u>\$ -</u>	<u>4,065,599</u>
Net assets:		
Investment in capital assets, net of related debt	\$	
Unrestricted		(3,111,778)
Total net assets	<u>\$ -</u>	<u>(3,111,778)</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2006

	Business Type Activities		Governmental Activities
	Water Pollution Control Authority		Internal Service Funds
Operating revenues:			
Charges for services	\$ 393,802		23,277,394
Total operating revenues	\$ 393,802		23,277,394
Operating expenses			
Salaries, benefits and claims	\$ 82,292		
Materials and supplies	51,126		
Depreciation			
Utilities	4,305		
Administration and operation	67,816		23,631,748
Total operating expenses	\$ 205,539		23,631,748
Operating income or (loss)	\$ 188,263		(354,354)
Non-operating revenues (expenses):			
Interest income			\$ 2,435
Interest expense	(118,810)		
Total non-operating revenues (expenses)	\$ (118,810)		2,435
Net income or (loss) before contributions and transfers	\$ 69,453		(351,919)
Other financing sources (uses)			
Debt transferred	\$ 5,069,411		
Transfer (out)	(4,282,895)		
Total other financing sources (uses)	\$ 786,516		-
Extraordinary Items:			
Gain on Sale of W.P.C.A. Assets	\$ 6,063,191		
Total Extraordinary Items	\$ 6,063,191		-
Change in net assets	\$ 6,919,160		(351,919)
Net assets - beginning	(6,919,160)		(2,759,859)
Net assets - ending	\$ -		(3,111,778)

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2006**

	<u>Business Type Activities</u>	
	<u>Enterprise Funds</u>	<u>Governmental</u>
	<u>Major</u>	<u>Activities</u>
	<u>Water Pollution Control Authority</u>	<u>Internal Service Funds</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 907,480	23,277,394
Cash payments for claims and fees	(1,649,246)	(23,039,877)
Net cash provided (used) by operating activities	<u>\$ (741,766)</u>	<u>237,517</u>
Cash flows from capital and related financing activities:		
Gain from sales of capital assets	\$ 5,061,012	
Interest paid on capital debt	(118,810)	
Net cash provided by non-capital financing activities	<u>\$ 4,942,202</u>	<u>-</u>
Cash flows to noncapital financing activities:		
Payments made from (to) other funds	(6,787,369)	240,000
Transfer to other funds - debt	\$ 5,069,441	
Transfer to other funds - cash	(4,282,895)	
Net cash used by noncapital financing activities	<u>\$ (6,000,823)</u>	<u>240,000</u>
Cash flows from investing activities:		
Investment income	\$ -	2,435
Net cash flows from investing activities	<u>\$ -</u>	<u>2,435</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (1,800,387)</u>	<u>239,952</u>
Cash and cash equivalents - beginning	<u>1,800,387</u>	<u>468,570</u>
Cash and cash equivalents - ending	<u>\$ -</u>	<u>708,522</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income or (loss)	\$ 188,263	(354,354)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease In accounts and other receivables	\$ 513,678	
Increase (decrease) in claim liabilities		100,698
Increase (decrease) in accounts payable	(1,443,707)	491,173
Total adjustments	<u>\$ (930,029)</u>	<u>591,871</u>
Net cash provided (used) by operating activities	<u>\$ (741,766)</u>	<u>237,517</u>

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

TOWN OF HAMDEN, CONNECTICUT

EXHIBIT J

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2006

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 484,959	178,935	1,962,208
Investments, at fair value:			
Corporate stocks	7,254		
Common trusts funds	61,711,845		
Mutual funds	18,605,673		
Money market funds	1,044,570		
Total investments	<u>\$ 81,369,342</u>	<u>-</u>	<u>-</u>
Other receivables	34,428		
Prepaid expenses	949,717		
Due from other funds		<u>73,032</u>	<u>161,697</u>
Total assets	<u>\$ 82,838,446</u>	<u>251,967</u>	<u>2,123,905</u>
Liabilities			
Accounts payable	\$ 104,586	9,235	
Deferred revenue		13,001	
Due to other funds		9,732	
Other liabilities			<u>2,123,905</u>
Total liabilities	<u>\$ 104,586</u>	<u>31,968</u>	<u>2,123,905</u>
Net assets			
Held in trust for pension benefits	\$ 82,733,860		
Reserved for encumbrances		<u>219,999</u>	
Unrestricted and undesignated			<u>-</u>
Total net assets	<u>\$ 82,733,860</u>	<u>219,999</u>	<u>-</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Funds</u>
Contributions:		
Town of Hamden	\$ 6,000,000	
Plan members	1,680,100	
Total contributions	<u>\$ 7,680,100</u>	<u>-</u>
Investment earnings:		
Net appreciation in fair value of investments	\$ 6,749,508	
Interest and dividends	800,539	854
Other income		237,593
Total investment income (loss)	<u>\$ 7,550,047</u>	<u>238,447</u>
Less investment expenses:		
Investment management fees	(255,851)	
Net investment earnings	<u>\$ 7,294,196</u>	<u>238,447</u>
Other income		
Total additions	<u>\$ 14,974,296</u>	<u>238,447</u>
Deductions:		
Administrative	\$ 84,325	
Benefits and other deductions	14,755,819	237,727
Total deductions	<u>\$ 14,840,144</u>	<u>237,727</u>
Net increase (decrease)	<u>\$ 134,152</u>	<u>720</u>
Net assets - beginning	<u>82,599,718</u>	<u>219,279</u>
Net assets - ending	<u>\$ 82,733,870</u>	<u>219,999</u>

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) as the accepted standard setting boards for governmental accounting financial reporting principles. These principles require that the Town report government-wide and fund financial statements, which are described below.

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. *Government activities*, which is normally supported by taxes and intergovernmental revenues, are reported separately than *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separated component units described above.

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Fund financial statements

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability has occurred, as under accrual accounting. However expenditures related to long-term liabilities, such as debt service payments and compensated absences, are recorded only when the payment is due.

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. Revenues from property taxes are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers property tax revenue to be available if they are collected within 60 days of the end of the fiscal year.

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

Intergovernmental revenues grants and similar items are recognized as soon as all eligible requirements imposed by the provider have been met and are collected soon enough to pay liabilities of the current period. For this purpose, grants may be recognized and paid after 60 days of the fiscal year end.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

The government reports the following major governmental funds:

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

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

The **New Middle School Fund** is used to account for resources used for the construction of the New Hamden Middle School.

The government reports the following major proprietary funds:

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.

In August 2005, the Town sold all capital assets held by the W.P.C.A. to the Greater New Haven Water Pollution Control Authority. The remaining assets and liabilities of the W.P.C.A. were transferred to government activities and operations were terminated.

Additionally, the government reports the following fund types:

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

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

The **Agency Funds** account for monies held as a custodian for outside groups and agencies.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise and internal service funds include the cost of operations and maintenance, provisions for doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, liabilities and net assets or equity

Cash and cash equivalents

The Town considers cash on hand, deposits and short-term investments with an original maturity of three months or less to be cash and cash equivalents.

Inventories and prepaid items

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

Receivables and payables

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

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

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

Capital assets

Capital assets, which includes 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 \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

Property, plant and equipment of the Town are 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

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. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

Compensated absences

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

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

Pension accounting

In the *pension trust funds*, employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

In the *governmental funds*, the cumulative difference between annual pension costs and the Town's contributions to the plans since 1986, is calculated on an actuarial determined basis consistent with the requirements of *GASB Statement 27* and recognized in the government wide financial statements as net pension obligation (asset) as a noncurrent liability (asset). Annual pension cost expenditures are recognized when they are paid or are expected to be paid with current available resources. The liability is typically paid out of the general fund over the life of the pension.

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 reduce this category.

The ***restricted net assets*** 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.

The ***unrestricted net assets*** group 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:

The ***reserves fund balance*** - this category indicates that portion of fund equity which has been legally segregated for specific purposes.

The ***undesignated and unreserved fund balance*** category indicates that portion of fund equity which is available for appropriations and expenditures in future periods.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

Note 2 - Budgets and Budgetary Accounting

The Statement of Revenues and Expenditures, Budget to Actual presented in the financial statements for the General Fund is on the budgetary basis of accounting which is a basis of accounting other than the accrual basis and the modified basis of accounting. The budgetary basis of accounting and the Town's general budget policies are as follows:

- a. Not later than 105 days prior to the beginning of the fiscal year, the Mayor prepares and submits to the Legislative Council an annual budget based on detailed estimated revenues and expenditures for the Town.
- b. The Legislative Council must hold public hearings not later than 60 days before the beginning of the fiscal year, at which time taxpayers' comments are obtained.
- c. Not later than 45 days prior to the beginning of the fiscal year, the Legislative Council must adopt the budget.
- d. With approval from the Mayor, the Legislative Council may transfer any unencumbered appropriation from one department, commission, board or office to another. Any additional appropriation over and above the budget total may be made by resolution of the Legislative Council upon recommendation of the Mayor and certification from the Director of Finance that there is an unappropriated, unencumbered general fund cash balance available to meet the additional appropriation. Unencumbered appropriations lapse at year end. Supplemental appropriations in the amount of \$ 494,972 were approved by the Legislative Council during the fiscal year. The supplemental appropriations were financed by 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 THE FINANCIAL STATEMENTS
June 30, 2006, Continued

General Fund

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

	<u>Revenues</u>	<u>Expenditures and Encumbrances</u>
Balance, Budgetary Basis (Exhibit F)	\$ 153,190,697	153,107,522
Encumbrances		
June 30, 2005		151,263
June 30, 2006		(420,661)
The Town did not budget for the expenditures under a capital lease agreement during the current year, however, for GAAP purposes, the lease is recognized as other financial resources and the related liability is recorded in the current period.		306,989
The Town budgeted for and designated resources for a future liability concerning the arbitration and negotiation of certain personnel benefits. The amount was not recognized in the current period for GAAP purposes.		(236,055)
State Teachers' Retirement and On-behalf Payment, not recognized for budgetary purposes	<u>2,866,300</u>	<u>2,866,300</u>
Balance, GAAP Basis (Exhibit D)	\$ <u>156,056,997</u>	<u>155,775,358</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

Special Revenue Funds

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

Capital Projects Funds

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

Note 3 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences between the Government Fund Balance Sheet and the Government-Wide Statement of Net 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 difference are as follows:

Bonds Payable	\$ (101,575,000)
Deferred Charges on Refunding	1,471,390
Capital Leases	(308,607)
Compensated Absences	(7,579,538)
Claims and Judgments	(4,500,000)
Post-closure Landfill Costs	(324,074)
Net Pension Obligation	(94,172,704)
Heart and Hypertension	<u>(1,815,279)</u>
Net Adjustment to Reduce Fund Balance - Total Government Funds to Arrive at Net Assets - Governmental Activities	<u>\$ (208,803,812)</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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital Outlay	\$ 39,300,243
Depreciation Expense	<u>(9,561,806)</u>
Net Adjustment to Increase Net Changes in Fund Balance - Total Government Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ 29,738,437</u>

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

Debt Issued or Incurred:	
Debt transferred from W.P.C.A	\$ (5,069,411)
Debt issued	(25,065,000)
Capital leases	(306,989)
Principal Repayments:	
General Obligation Debt	5,960,000
Capital Leases	443,601
Refunded debt	995,000
Earning reported on deferred portion of refunding	<u>(98,093)</u>
Net Adjustment to Decrease Net Assets In Fund Balances - Total Governmental Funds To Arrive at Changes in Net Assets of Governmental Activities	<u>\$ (23,140,892)</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 differences are as follows:

Net decrease In Compensated Absences	\$ 294,625
Net decrease In Accrued Interest	981,180
Net (Increase) in Net Pension Obligation	(9,984,452)
Net (Increase) In Other Long-Term Liabilities	<u>(2,934,636)</u>
Net Adjustment to Decrease <i>Net Change In Fund Balances Total Governmental Funds to Arrive At Changes In Net Assets of Governmental Activities</i>	<u>\$ (11,643,283)</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

Note 4 - Deposits and Investments

The City's deposits and investments are presented in the accompanying balance sheets as follows:

	<u>Deposit</u>	<u>Investments</u>	<u>Total</u>
Cash and cash equivalents:			
Governmental funds	\$ 22,929,763	1,536,040	24,465,803
Proprietary funds	948,522		948,522
Fiduciary funds	2,626,102		2,626,102
Investments:			
Fiduciary funds		81,369,342	81,369,342
Deposits and Investments	\$ 26,504,387	82,905,382	109,409,769

Deposits

Custodial credit risk

As of June 30, 2006, the carrying amount of the Town's deposits was \$ 26,504,387 with bank balances of approximately \$ 30,997,997. The amount of the bank balance covered under federal depository insurance was approximately \$ 4,719,854. The remaining \$ 27,538,884 of deposits were uninsured, however provisions of the Connecticut General Statutes provide for protection against loss in excess of deposit insurance by requiring all qualified public depositories to maintain segregated collateral for public deposits. As of June 30, 2006 approximately \$ 3,100,000 of uninsured deposits were collateralized under the provision.

Investments

As of June 30, 2006, the City held the following investments:

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value</u>	<u>Weighted Average to Maturity (years)</u>
Ct State Investment Funds	General Fund	\$ 27,251	.02
Money Market account	General Fund	1,508,789	.02
Money Market accounts	Pension Trust	18,605,673	.02
Common Trust Funds	Pension Trust	61,711,845	1.22
Corporate Equity Securities	Pension Trust	7,254	.02
Mutual Funds	Pension Trust	1,044,570	.02
Total		\$ 82,905,382	

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2006, Continued

Interest rate risk

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

Credit risk

State Law limits investments of public funds to the obligations of the United States of America, including the joint and several obligations of the Federal Home Mortgage Corporation, Federal National Mortgage Association, the Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all federal land banks, all the federal intermediate credit banks, the Central Bank of Cooperatives, the Tennessee Valley Authority, or any other Agency of the United States Government.

Note 5 - Receivables, Deferred Revenue and Payables

Receivables

The Receivables as of June 30, 2006 for the Town's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property Taxes	\$ 2,080,621		2,080,621
Special Assessments	14,278		14,278
Intergovernmental	17,563,945	947,158	18,511,103
Accounts	<u>226,554</u>	<u>15,300</u>	<u>241,854</u>
Gross Receivables	\$ 19,885,398	962,458	20,847,856
Allowance For Collection Losses	<u>(400,000)</u>		<u>(400,000)</u>
Net Total Receivables	\$ <u>19,485,398</u>	<u>962,458</u>	<u>20,447,856</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2006, Continued

Deferred Revenue

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>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 850,581		850,581
Taxes collected in advance		240,149	240,149
Intergovernmental grants	17,556,520		17,556,520
Other		40,509	40,509
Other Governmental Funds:			
Intergovernmental grants		610,140	610,140
Total Receivables	\$ 18,407,101	890,798	19,297,899

Payables

Payables as of June 30, 2006 for the Town's individual major funds and nonmajor funds were as follows:

	<u>Vendors</u>	<u>Payroll Benefits</u>	<u>Cash Over Drafts</u>	<u>Total</u>
General Fund	\$ 2,662,646	5,794,112	601,703	9,058,461
Capital Projects	1,207,092			1,207,092
Middle School	7,201,681			7,201,681
Other				
Governmental	1,135,285			1,135,285
Internal Service	491,564			491,564
Total Payables	\$ 12,698,268	5,794,112	601,703	19,094,083

An amount of \$1,974,442 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 \$1,605,327 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2006, Continued

Temporary Notes Payables

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>
Bond anticipation note	\$ 23,615,000	3,592,000	23,615,000	3,592,000

Note 6 - Interfund Receivables, Payables and Transfers

Interfund receivables and payables

Interfund receivables and payable at June 30, 2006 consisted of the following:

	<u>General Fund</u>	
	<u>Payable</u>	<u>Receivable</u>
Internal balances:		
Capital Projects	\$ 3,646,079	
Hamden Middle School	1,646,884	
Other Governmental	2,594,137	4,368,495
Internal Services	5,299	1,599,593
Total Primary Government	<u>\$ 7,892,399</u>	<u>5,968,088</u>
External balances:		
Private Purpose Trusts	\$ 73,032	9,235
Agency Funds	161,697	
Total External balances	\$ 234,729	9,235
Less: amounts within nonmajor programs	<u>(1,136,264)</u>	<u>(1,136,564)</u>
Total General Fund	<u>\$ 6,990,564</u>	<u>4,840,759</u>

Interfund Transfers

The W.P.C.A transferred residual equities of \$4,282,895 into the General Fund as a result of the complete sale of assets. In addition, a total of \$5,069,441 debt was transferred to general obligation debt from the enterprise funds.

The General Fund transferred \$7,500 to a nonmajor fund to provide resources to a capital project program.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2006, Continued

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2006 was as follows:

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2006</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 9,035,000	198,816		9,233,816
Construction in Progress	<u>33,983,460</u>	<u>34,067,156</u>		<u>68,050,616</u>
Total Capital Assets, Not Being Depreciated	\$ 43,018,460	34,265,972		77,284,432
Capital Assets, Being Depreciated:				
Land Improvements	\$ 6,328,750	1,482,699		7,811,449
Buildings and Improvements	107,247,525	2,190,944		109,438,469
Furniture, Fixtures				
Vehicles and Equipment	15,362,296	998,006	60,000	16,300,302
Infrastructure	<u>80,028,370</u>	<u>362,622</u>		<u>80,390,992</u>
Total Capital Assets Being Depreciated	\$ 208,966,941	5,034,271	60,000	213,941,212
Less, Accumulated Depreciation:				
Land Improvements	\$ 1,925,473	316,438		2,241,911
Buildings and Improvements	27,086,749	1,603,216		28,689,965
Furniture, Fixtures				
Vehicles and Equipment	9,773,627	1,117,734	60,000	10,831,361
Infrastructure	<u>14,784,177</u>	<u>6,524,418</u>		<u>21,308,595</u>
Total Accumulated Depreciation	\$ 53,570,026	9,561,806	60,000	63,071,832
Capital Assets Being Depreciated, Net of Depreciation	<u>\$ 155,396,915</u>	<u>(4,527,535)</u>		<u>150,869,380</u>
Total Governmental Activities	\$ 198,415,375	29,738,437	-	228,153,812
Business-Type Activities				
Capital Assets Being Depreciated:				
Building	\$ 55,000		55,000	
Infrastructure	19,980,245		19,980,245	
Total	<u>\$ 20,035,245</u>	<u>-</u>	<u>20,035,245</u>	<u>-</u>
Less: Accumulated Depreciation	<u>\$ 15,928,187</u>	<u>-</u>	<u>15,928,187</u>	<u>-</u>
Total Business – Type Activities	\$ 4,107,058	-	4,107,058	-
Total Capital Assets	\$ 202,522,433	29,738,437	4,107,058	228,153,812

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

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

Government Activities:	
General Government	\$ 93,706
Education	1,549,969
Public Safety	415,939
Public Works	7,262,192
Health and Welfare	2,869
Culture and Recreation	<u>237,131</u>
 Total Depreciation Expense- Governmental Activities	 <u>\$ 9,561,806</u>

Note 8 - Long-Term Liabilities

Long-term debt liabilities activity for the year ended June 30, 2006 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 bond	\$ 78,395,589	30,134,411	6,955,000	101,575,000	6,950,000
Deferred amount on Refunding	(1,569,483)		(98,093)	(1,471,390)	(98,093)
Capital leases	445,219	306,989	443,601	308,607	200,388
Other long-term liabilities					
Compensation absences	7,874,163	2,327,893	2,622,518	7,579,538	1,740,000
Landfill post-closure Monitoring	365,453		41,379	324,074	50,000
Net pension obligation	84,188,252	14,686,803	4,702,351	94,172,704	7,533,816
Heart and hypertension	1,839,264	815,008	838,993	1,815,279	624,000
Claims and judgments	1,500,000	3,000,000		4,500,000	
Total governmental activities Long-term liabilities	<u>\$ 173,038,457</u>	<u>51,271,104</u>	<u>15,505,749</u>	<u>208,803,812</u>	<u>17,000,111</u>
Business-Type Activities:					
Long-term debt:					
General obligation bond	\$ 5,069,411		5,069,411		
Clean Water Fund notes	40,016		40,016		
Total business-type activities long-term	<u>\$ 5,109,427</u>	<u>-</u>	<u>5,109,427</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>\$ 178,147,884</u>	<u>51,271,104</u>	<u>20,615,176</u>	<u>208,803,812</u>	<u>17,000,111</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2006, 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:

	<u>Governmental</u>
School bonds with interest rates ranging from 2.10% to 6.0% and varying expiration dates ranging from March, 2006 to July, 2026.	\$ 62,672,993
Public Improvement bonds with interest rates ranging from 2.70% to 6.0% and varying expiration dates ranging from March, 2006 to July, 2026.	<u>38,902,007</u>
Total General Obligation Bonds	<u>\$ 101,575,000</u>

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

Year Ended, June 30	<u>Governmental Activity</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 6,950,000	4,823,096
2008	8,265,000	3,880,501
2009	8,230,000	3,462,536
2010	8,315,000	3,127,940
2011	8,210,000	2,789,714
2012-2016	35,485,000	9,015,063
2017-2021	18,085,000	3,261,367
2022-2026	<u>8,035,000</u>	<u>710,754</u>
	<u>\$ 101,575,000</u>	<u>31,070,971</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

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, 2006 was approximately \$2,361,357. The Town expects to receive \$17,556,520 in principal payments and \$3,643,750 in interest payments over the next 15 years. The principal portion of the receivable is included in the financial statements.

The Town has issued general obligation refunding bonds to provide resources to purchase U.S. Governmental State and local government securities that were then placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of general obligation bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net assets. The amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The advance refunding was undertaken to reduce total debt service payments over the next 15 years. The amount deferred was amortized over this period. The amount as June 30, 2006 that was considered to be defeased was \$16,594,578.

Capital Leases

Property and equipment carried at a cost of \$307,377 has been acquired under capital lease agreements. The annual payments under these leases are as follows;

	2007	\$ 210,240
	2008	106,096
	2009	<u>4,920</u>
		\$ 321,256
Less, amount representing interest		<u>(12,649)</u>
	Total	<u>\$ 308,607</u>

Other Long-term Liabilities

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 \$324,074, 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, 2006. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. Costs will be funded through future property taxes and/or state and federal grants.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

Note 9 - Commitments and Contingencies

Lawsuits

Environmental Contingency

Until the late 1900's, it was a common practice in Connecticut to fill or drain wetlands and low-lying areas. These areas were thought to be little more than mosquito breeding spots. Public health officials encouraged the filling of wetlands and low-lying land to protect public health. In many parts of the state, garbage and industrial waste from populated urban centers needed to be dumped somewhere. Creating dumps in wetlands seemed like the perfect solution. Large portions of the Newhall site contained wetlands and low-lying areas that were used by the public for dumping. Today we know that the waste included metals and chemicals that polluted the soil and groundwater. Although the owners of the polluted properties have changed since the dumping began, it is now the responsibility of the Town of Hamden, the Water Authority, the State Board and Olin Corporation to clean up the pollution. This was established through a legal settlement and a consent order.

The Town has agreed to clean up Mill Rock Park, the portion of the Hamden Community Center (former Newhall Street School) not owned by the Regional Water Authority, and the sewage pump station. The Town has also agreed to pay for this work. The Town and the DEP will seek state funds together to investigate and clean up Rochford Field.

The Town has recorded a long-term liability of 4.5 million dollars to recognize the costs of the consent order.

Other than the above lawsuit, there are several personal injuries, negligence and personnel related lawsuits pending against the Town. The outcome and eventual liability of the Town, if any, in these cases are 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.

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, 2006 totaled approximately \$54,500. The future minimum lease payments under the noncancelable operating lease agreements are as follows:

<u>Year Ended</u>	<u>Amount</u>
2007	\$ 58,600

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

Contracts

School transportation

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>
2007	\$	5,016,216
2008		<u>5,254,302</u>
Total	\$	<u>10,270,518</u>

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 municipal solid waste and \$79 per ton for bulk. 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 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 THE FINANCIAL STATEMENTS

June 30, 2006, Continued

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.

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 include 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 estimates 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, 2006, the Town paid approximately \$839,000 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>Claim Paid</u>	<u>Claims Payable June 30</u>
2006	\$	1,873,744	23,732,446	23,631,748	1,974,442
2005		1,830,019	20,202,766	20,159,041	1,873,744

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

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.

Note 10 - 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.

As of July 1, 2004, the date of the most recent actuarial valuation, employee membership consisted of:

Retirees and beneficiaries currently receiving benefits		617
Terminated Employee entitled to benefits but not yet receiving them		18
Active Plan Participants:		
Vested (fully or partially)	306	
Non-Vested	<u>334</u>	<u>640</u>
		<u>1,275</u>

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

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. No employee shall receive more than 80% except for employees with the required years of service and were hired before July 1, 2006. As of June 30, 2006, such employee's benefits shall be frozen. Disability benefits are provided as the greater of 50% of average annual compensation or the employee's normal retirement pension.

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

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

Service employees currently contribute 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	31 years
Asset Valuation Method	Market Value
Investment Rate of Return	8% per annum
Salary Increases	5% per annum
Inflation Rate	3% per annum

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

The Town's annual pension cost and net pension obligation for the year ended June 30, 2006 were as follows:

Annual Required Contribution	\$ 13,951,743
Interest on Net Pension Obligation	6,735,060
Adjustments to Annual Required Contribution	<u>(4,702,351)</u>
 Annual Pension Cost	 \$ 15,984,452
Contribution Made	<u>(6,000,000)</u>
 Increase in Net Pension Obligation	 \$ 9,984,452
Net Pension Obligation, Beginning of Year	<u>84,188,252</u>
 Net Pension Obligation, End of Year	 <u>\$ 94,172,704</u>

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, 2006	15,094,097	40.0	94,172,704
June 30, 2005	15,094,155	19.9	84,188,252
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

Schedule of Employer Contributions

<u>Year Ended June 30, Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2006	\$13,951,743	43.0
2005	13,287,374	22.6 %
2004	10,660,385	9.4
2003	6,044,233	8.9
2002	5,756,815	4.1
2001	7,252,800	0.0
2000	7,073,400	0.0
1999	6,801,300	24.7

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

Schedule of Fund Progress (in 000's)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
07/01/04	83,785,549	239,835,010	156,049,461	34.93	30,840,944	505.989%
07/01/03	n/a	n/a	n/a	n/a	n/a	n/a
07/01/02	93,085,769	210,215,350	117,129,581	44.28	25,812,990	453.769
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	198.699
07/01/99	n/a	n/a	n/a	n/a	n/a	n/a

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, 2006 \$2,866,300 was expended to meet the State's funding requirements. The results of the State's actuarial valuation at June 30, 2006 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 \$396,248,844. The State's appropriation represented 12.68% of the total estimated payroll.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006, Continued

Participants are required to contribute 7.25% of their annual salary rate to the system as required by CGS Section 10-183b(7). For the 2005-2006 school year 7.25% *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 approximately 42 million dollars.

For the year ended June 30 2006, the following information is applicable to the Town:

Total Number of Teachers Participants	550
Participant Contributions	<u>\$ 4,325,473</u>
On-Behalf State Payments	<u>\$ 2,866,300</u>

Note 11 - Fund Deficits

The Town has the following Fund Deficits at June 30, 2006 and expects to eliminate the deficits in the future as follows:

<u>Fund</u>	<u>June 30, 2006</u>	<u>Fund Deficit Plan for Eliminating Deficit</u>
Special Revenue Funds:		
Putnam Newhall Improvements	10,000	Future Bond Issuance
Highwood Revitalization	19,808	Future Bond Issuance
Community Development Block Grant	143,488	Future Grant Revenue
Highway Safety Grants	13,366	Future Grant Revenue
Indoor Air Quality Assessment	20,000	Future Grant Revenue
Capital Projects Funds:		
Whitneyville	89,389	Future Bond Issuances
Police Headquarters Study	41,820	Future Bond Issuances
Brooksvale Park Renovation and Acquisition Grant	17,085	Future Bond Issuances
Newhall Environmental Studies	168,607	Future Bond Issuances
Construction of Spring Glenn	735,590	Future Bond Issuances
Bear Path School Renovations	1,105,561	Future Bond Issuances
Hamden High School Renovations Issuances	147,716	Future Bond Issuances
Hamden Ice rink	171,295	Future Bond Issuances
Local Capital Improvements	578,510	Future Grant Revenue
Wintergreen Inter-district	206,612	Future Bond Issuances
Hamden Middle School Project	5,259,975	Future Bond Issuances
Proprietary Funds:		
Medical Insurance	3,393,849	Future Transfers or Revenues

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2006, Continued

Note 12 - Subsequent Events

General Government

Bond Issuance

On July 15, 2006, the Town issued a General Obligation bond totaling \$9,695,000. The bond will be paid over a 20 year period with interest at a rate of 4.0% to 4.375%. The purpose of the bond is to fund current capital project funds.

Bond anticipation note

On July 28, 2006, the Town issued a bond anticipation refunding note totaling \$1,735,000. The note will be due July 27, 2007 with interest at a rate of 4.125%. The purpose of the note was to fund various school projects.

Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2006 that have effective dates that may impact future financial presentations and have not been implemented as of June 30, 2006.

The following statements are expected to have a significant impact on the financial statements.

GASB's Statement No. 43, Financial Reporting for Post employment Benefit Plans Other Than Pension Plans establishes uniform financial reporting standards for OPEB plans and the required schedules (RSI) that provide actuarially determined historical trend information from a long-term perspective.

GASB's Statement No 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
PROPERTY TAXES				
Current taxes	\$ 110,647,050	110,647,050	111,852,731	1,205,681
Delinquent taxes	1,250,000	1,250,000	1,126,112	(123,888)
Supplemental taxes	1,400,000	1,400,000	1,674,223	274,223
Property tax interest	750,000	750,000	779,163	29,163
Property tax liens	10,000	10,000	7,281	(2,719)
Suspense collections	80,000	80,000	66,539	(13,461)
New construction	120,000	120,000	61,897	(58,103)
Elderly tax relief			(313,501)	(313,501)
Water main assessment			4,877	4,877
Total property taxes	\$ 114,257,050	114,257,050	115,259,322	1,002,272
INTERGOVERNMENTAL				
PILOT - State owned property	\$ 617,220	617,220	606,759	(10,461)
Library grant	5,000	5,000		(5,000)
Elderly exemption freeze	65,000	65,000	48,644	(16,356)
Elderly exemption - circuit breaker	495,000	495,000	437,123	(57,877)
PILOT - Colleges and hospitals	2,184,320	2,184,320	2,221,168	36,848
Disabled exemption	5,000	5,000	10,453	5,453
Boat grant	10,000	10,000	9,094	(906)
Homeland security train. - St. of CT	7,000	7,000		(7,000)
Telecommunication access	379,520	379,520	281,255	(98,265)
PILOT - Veterans exemption	89,000	89,000	98,256	9,256
Civil preparedness reimbursement	28,000	28,000		(28,000)
Distressed municipalities	80,000	80,000	78,671	(1,329)
PILOT - Machinery and equipment	257,000	257,000	252,145	(4,855)
Mashantucket Pequot fund	1,470,780	1,470,780	1,442,457	(28,323)
911 Call Center	96,000	96,000	76,658	(19,342)
Adult education	177,460	177,460	179,733	2,273
Magnet schools	27,000	27,000	68,997	41,997
School construction	1,683,550	1,683,550	1,441,681	(241,869)
Public school transportation	992,310	992,310	969,997	(22,313)
State bond interest subsidies	890,040	890,040	705,619	(184,421)
Nonpublic school transportation	183,370	183,370	170,172	(13,198)
Nonpublic school health	123,000	123,000	159,658	36,658
Education cost sharing grant	20,796,000	20,796,000	19,375,046	(1,420,954)
PILOT - Greater New Haven W.P.C.A.	73,300	73,300	36,650	(36,650)
PILOT - Water Authority	760,000	760,000	811,882	51,882
Miscellaneous grants	5,000	5,000	31,346	26,346
Total Intergovernmental	\$ 31,499,870	31,499,870	29,513,464	(1,986,406)
LICENSES, PERMITS AND FEES				
Town clerk	\$ 2,590,000	2,590,000	2,274,118	(315,882)
Police department	96,750	96,750	66,992	(29,758)
Fire department	60,400	60,400	40,698	(19,702)
Building	1,062,250	1,062,250	1,476,017	413,767
Engineering	25,850	25,850	23,020	(2,830)
Total licenses, permits and fees	\$ 3,835,250	3,835,250	3,880,845	45,595

(Continued)

GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
CHARGES FOR SERVICES				
W.P.C.A charges	\$ 183,230	183,230		(183,230)
Other rents	100,000	100,000	(61,494)	(161,494)
W.P.C.A bond reimbursements		-		-
insurance Reimbursements	250,000	250,000	85,617	(164,383)
Police extra duty	1,250,000	1,250,000	1,580,994	330,994
Assessor fees	4,000	4,000	3,480	(520)
Elderly services charges	6,000	6,000	6,129	129
Youth services charges	1,000	1,000	1,010	10
Public works charges	182,000	182,000	54,807	(127,193)
Library charges	40,100	40,100	25,431	(14,669)
Parks and recreations	680,400	680,400	712,182	31,782
Dog warden	2,500	2,500	3,060	560
Planning and zoning	65,500	65,500	93,296	27,796
Total charges for services	\$ 2,764,730	2,764,730	2,504,512	(260,218)
FINES AND FORFEITS				
Traffic violations	\$ 1,000	1,000	-	(1,000)
INVESTMENT EARNINGS				
Interest and dividends	\$ 450,000	950,000	1,662,728	712,728
MISCELLANEOUS REVENUES				
Finance department	\$ 200,000	200,000	369,826	169,826
Total miscellaneous revenues	\$ 200,000	200,000	369,826	169,826
Total Revenues	\$ 153,007,900	153,507,900	153,190,697	(317,203)

**GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT-
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
Board of Education:	\$ 80,858,130	81,333,130	81,333,130	-
General Government:				
Legislative Council	\$ 2,562,900	363,905	301,203	62,702
Mayor	436,860	421,780	413,665	8,115
Elections and Registrar	145,210	123,166	120,057	3,109
Finance	3,705,900	3,526,220	3,765,663	(239,443)
Tax Assessor	348,090	351,281	349,124	2,157
Review of Assessments	5,900	5,900	5,400	500
Tax Collector	432,420	457,630	453,571	4,059
Town Attorney	690,660	635,977	619,038	16,939
Town Clerk	433,550	456,795	434,660	22,135
Planning and Zoning	344,290	354,764	354,193	571
Personnel	196,570	197,070	188,213	8,857
Economic Development	110,790	124,397	124,287	110
Purchasing	807,370	804,400	713,314	91,086
Probate Court	24,000	24,000	3,344	20,656
Board of Ethics	1,000	1,000	998	2
Total General Government	\$ 10,245,510	7,848,285	7,846,730	1,555
Public Safety:				
Animal Control	\$ 95,750	107,878	100,941	6,937
Police Department	9,993,800	9,982,299	9,979,300	2,999
Fire Department	9,385,500	9,604,460	9,537,591	66,869
Civil Defense and Preparedness	10,650	10,246	9,478	768
Total Public Safety	\$ 19,485,700	19,704,883	19,627,310	77,573
Public Works:				
Building Administration	\$ 284,810	300,493	299,898	595
Traffic	351,090	323,163	300,033	23,130
Public Works Department	9,059,410	9,467,971	9,262,069	205,902
Sewer Usage Charges	20,000	27,500	24,392	3,108
Engineering	475,280	473,864	459,579	14,285
Total Public Works	\$ 10,190,590	10,592,991	10,345,971	247,020
Health and Welfare:				
Elderly Services	\$ 376,080	372,952	369,930	3,022
Community Services	231,030	253,980	238,793	15,187
Youth Services	180,670	158,638	151,107	7,531
Mental Health	160,680	160,680	156,810	3,870
Quinnipiac Valley Health	302,030	302,030	302,029	1
Visiting Nurses Association	64,000	64,000	64,000	-
Total Health and Welfare	\$ 1,314,490	1,312,280	1,282,669	29,611

(Continued)

**GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT-
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
Culture and Recreation:				
Library	\$ 1,628,050	1,611,400	1,605,321	6,079
Parks and Recreation	1,976,480	2,009,895	1,902,219	107,676
Arts Programs	107,860	107,860	107,835	25
Total Culture and Recreation	\$ 3,712,390	3,729,155	3,615,375	113,780
Employee Benefits:				
Fringes	\$ 17,755,040	19,244,611	19,318,800	(74,189)
Total Employee Benefits	\$ 17,755,040	19,244,611	19,318,800	(74,189)
Debt Service:				
Principal Retirements	\$ 5,652,000	5,960,000	5,960,000	-
Interest	3,344,050	3,397,778	3,397,778	-
Anticipated Bonding	450,000	379,759	379,759	-
Total Debt Service	\$ 9,446,050	9,737,537	9,737,537	-
Total Expenditures and Encumbrances	\$ 153,007,900	153,502,872	153,107,522	395,350
OTHER FINANCING USES				
Transfer to other funds	\$ -	7,500	7,500	-
Total expenditures, encumbrances and transfer outs	\$ 153,007,900	153,510,372	153,115,022	395,350

TOWN OF HAMDEN, CONNECTICUT

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended June 30, 2006

ASSETS	Special Revenue Funds		
	Human Services	Culture and Recreation	Public Safety
Current Assets:			
Cash and cash equivalents	\$		24,075
Investments			
Receivables:			
Intergovernmental			40
Other	9,860		
Inventory			
Due from other funds	63,734	13,771	165,151
Total Assets	<u>\$ 73,594</u>	<u>13,771</u>	<u>189,266</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,276	12,461	46,796
Due to other funds	11,945	2,115	17,059
Deferred revenue	2,499	553	
Temporary notes payable			
Total Liabilities	<u>\$ 17,720</u>	<u>15,129</u>	<u>63,855</u>
Fund Balances (Deficits):			
Reserved for encumbrances	\$ 834		3,190
Reserved for inventory			
Reserved for endowments			
Unreserved:			
Undesignated	55,040	(1,358)	122,221
Total Fund Balances (Deficits)	<u>\$ 55,874</u>	<u>(1,358)</u>	<u>125,411</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 73,594</u>	<u>13,771</u>	<u>189,266</u>

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>
	9,454	425,591	867,160		1,326,280
					-
			172,386		172,386
			5,440		15,300
			38,149		38,149
<u>1,636</u>		<u>149,930</u>		<u>100,179</u>	<u>494,401</u>
<u>1,636</u>	<u>9,454</u>	<u>575,521</u>	<u>1,083,095</u>	<u>100,179</u>	<u>2,046,516</u>
	126,440	1,598	362,053	14,482	567,106
13,366	26,502	31,108	229,985		332,080
		50,411	249,546		303,009
					-
<u>13,366</u>	<u>152,942</u>	<u>83,117</u>	<u>841,584</u>	<u>14,482</u>	<u>1,202,195</u>
		108,167		15,600	127,791
			38,149		38,149
<u>(11,730)</u>	<u>(143,488)</u>	<u>384,237</u>	<u>203,362</u>	<u>70,097</u>	<u>678,381</u>
<u>(11,730)</u>	<u>(143,488)</u>	<u>492,404</u>	<u>241,511</u>	<u>85,697</u>	<u>844,321</u>
<u>1,636</u>	<u>9,454</u>	<u>575,521</u>	<u>1,083,095</u>	<u>100,179</u>	<u>2,046,516</u>

(Continued)

TOWN OF HAMDEN, CONNECTICUT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

ASSETS	Capital Projects Funds			
	Farmington Canal	Wintergreen Interdistrict Magnet School	Construction of Spring Glen School	Brooksvale Park Renovation and Acquisition Grant
Cash and cash equivalents	\$ 948	37,414		
Investments				
Receivables:				
Intergovernmental		749,772		
Other				
Inventory				
Due from other funds	821,707			721,889
Total Assets	\$ 822,655	787,186	-	721,889
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 933	43,686	12,662	
Due to other funds		950,112	722,928	55,974
Deferred revenue	948			
Temporary notes payable	703,600			683,000
Total Liabilities	\$ 705,481	993,798	735,590	738,974
Fund Balances (Deficits):				
Reserved for encumbrances	\$ 3,161	182,822		
Reserved for inventory				
Reserved for endowments				
Unreserved:				
Undesignated	114,013	(389,434)	(735,590)	(17,085)
Total Fund Balances (Deficits)	\$ 117,174	(206,612)	(735,590)	(17,085)
Total Liabilities and Fund Balances (Deficits)	\$ 822,655	787,186	-	721,889

Capital Projects Funds			Permanent Fund	
Bear Path School Renovations	Other Capital Projects	Total	Permanent Fund	Total
211,846	626,122	876,330	12,945	2,215,555
		-		-
	25,000	774,772		947,158
		-		15,300
		-		38,149
	556,140	2,099,736		2,594,137
<u>211,846</u>	<u>1,207,262</u>	<u>3,750,838</u>	<u>12,945</u>	<u>5,810,299</u>
65,561	445,337	568,179		1,135,285
1,251,846	1,054,174	4,035,034	1,381	4,368,495
	306,183	307,131		610,140
		1,386,600		1,386,600
<u>1,317,407</u>	<u>1,805,694</u>	<u>6,296,944</u>	<u>1,381</u>	<u>7,500,520</u>
66,874	555,142	807,999		935,790
		-		38,149
				-
(1,172,435)	(1,153,574)	(3,354,105)	11,564	(2,664,160)
<u>(1,105,561)</u>	<u>(598,432)</u>	<u>(2,546,106)</u>	<u>11,564</u>	<u>(1,690,221)</u>
<u>211,846</u>	<u>1,207,262</u>	<u>3,750,838</u>	<u>12,945</u>	<u>5,810,299</u>

TOWN OF HAMDEN, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NON-MAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006**

	<u>Special Revenue Funds</u>		
	<u>Human Services</u>	<u>Culture and Recreation</u>	<u>Public Safety</u>
Revenues:			
Intergovernmental	\$ 179,347	20,000	144,301
Charges for services	159,457		
Investment earnings			6
Other	500	14,943	14,907
Total Revenues	<u>\$ 339,304</u>	<u>34,943</u>	<u>159,214</u>
Expenditures:			
Education	\$ 33,865	745	
General government			
Public safety			145,427
Public works			
Health and welfare	255,129		
Culture and recreation		32,849	
Community development			
Capital outlay			
Bond issuance costs			
Total Expenditures	<u>\$ 288,994</u>	<u>33,594</u>	<u>145,427</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 50,310</u>	<u>1,349</u>	<u>13,787</u>
Other Financing Sources (Uses):			
Long-term debt issued			50,000
Transfers in			
Transfers out			
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>-</u>	<u>50,000</u>
Net Changes in Fund Balances (Uses)	<u>\$ 50,310</u>	<u>1,349</u>	<u>63,787</u>
Fund Balance - Beginning	<u>5,564</u>	<u>(2,707)</u>	<u>61,624</u>
Fund Balances - Ending	<u>\$ 55,874</u>	<u>(1,358)</u>	<u>125,411</u>

Special Revenue Funds

Public Works	Community Development	Town Revitalization Projects	Board of Education	General Government	Total
120,000	594,619		3,228,950	21,000	4,308,217
			1,155,422	39,085	1,353,964
		16,670	1		16,677
500		22,016	1,706	14,670	69,242
120,500	594,619	38,686	4,386,079	74,755	5,748,100
			4,836,207		4,870,817
			3,399	46,647	50,046
					145,427
167,566					-
					422,695
					32,849
	638,044	98,906			736,950
		20,558			20,558
					-
167,566	638,044	119,464	4,839,606	46,647	6,279,342
(47,066)	(43,425)	(80,778)	(453,527)	28,108	(531,242)
					50,000
				7,500	7,500
					-
				7,500	57,500
(47,066)	(43,425)	(80,778)	(453,527)	35,608	(473,742)
35,336	(100,063)	573,182	695,038	50,089	1,318,063
(11,730)	(143,488)	492,404	241,511	85,697	844,321

(Continued)

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (DEFICITS) - NON-MAJOR GOVERNMENTAL FUNDS, Continued
 For The Year Ended June 30, 2006

	Capital Projects Funds			
	Farmington Canal	Wintergreen Interdistrict Magnet School	Construction of Spring Glen School	Brooksvale Park Renovation and Acquisition Grant
Revenues:				
Intergovernmental	\$ 23,537			245,834
Charges for services				
Investment earnings				
Other				
Total Revenues	<u>\$ 23,537</u>	<u>-</u>	<u>-</u>	<u>245,834</u>
Expenditures:				
Education				
General government				
Public safety				
Public works				
Health and welfare				
Culture and recreation				
Community development				
Capital outlay	188,969	43,685	53,353	179,306
Bond issuance costs				
Total Expenditures	<u>\$ 188,969</u>	<u>43,685</u>	<u>53,353</u>	<u>179,306</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (165,432)</u>	<u>(43,685)</u>	<u>(53,353)</u>	<u>66,528</u>
Other Financing Sources (Uses):				
Long-Term Debt Issued	\$ 946,400			1,718,000
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>\$ 946,400</u>	<u>-</u>	<u>-</u>	<u>1,718,000</u>
Net Changes In Fund Balances (Uses)	<u>\$ 780,968</u>	<u>(43,685)</u>	<u>(53,353)</u>	<u>1,784,528</u>
Fund Balance - Beginning	<u>(663,794)</u>	<u>(162,927)</u>	<u>(682,237)</u>	<u>(1,801,613)</u>
Fund Balances - Ending	<u>\$ 117,174</u>	<u>(206,612)</u>	<u>(735,590)</u>	<u>(17,085)</u>

Capital Projects Funds			Permanent Fund	
Bear Path School Renovations	Other Capital Projects	Total	Bequest Fund	Total
636,745	691,652	1,597,768		5,905,985
		-		1,353,964
	7,459	7,459		24,136
	65,000	65,000		134,242
636,745	764,111	1,670,227	-	7,418,327
		-		4,870,817
	299,548	299,548		349,594
		-		145,427
	254,595	254,595		254,595
		-		422,695
		-		32,849
		-		736,950
82,338	1,164,284	1,711,935		1,732,493
		-		-
82,338	1,718,427	2,266,078	-	8,545,420
554,407	(954,316)	(595,851)	-	(1,127,093)
	3,610,000	6,274,400		6,324,400
		-		7,500
		-		-
-	3,610,000	6,274,400	-	6,331,900
554,407	2,655,684	5,678,549	-	5,204,807
(1,659,968)	(3,254,116)	(8,224,655)	11,564	(6,895,028)
(1,105,561)	(598,432)	(2,546,106)	11,564	(1,690,221)

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2006**

	<u>Workers' Compensation Fund</u>	<u>Medical Insurance Fund</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 948,522		948,522
Other receivables			-
Due from other funds	5,299		5,299
Total Current Assets	<u>\$ 953,821</u>	<u>-</u>	<u>953,821</u>
Total Assets	<u>\$ 953,821</u>	<u>-</u>	<u>953,821</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 302,635	188,929	491,564
Due to other fund		1,599,593	1,599,593
Claims incurred but not reported	369,115	1,605,327	1,974,442
Total Current Liabilities	<u>\$ 671,750</u>	<u>3,393,849</u>	<u>4,065,599</u>
Total Liabilities	<u>\$ 671,750</u>	<u>3,393,849</u>	<u>4,065,599</u>
NET ASSETS			
Net Assets	<u>\$ 282,071</u>	<u>(3,393,849)</u>	<u>(3,111,778)</u>
Total Net Assets	<u>\$ 282,071</u>	<u>(3,393,849)</u>	<u>(3,111,778)</u>

COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2006

	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Medical</u> <u>Insurance</u> <u>Fund</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 1,156,224	22,121,170	23,277,394
OPERATING EXPENSES:			
Claims expense	\$ 1,020,703	22,611,045	23,631,748
Operating Income (Loss)	<u>\$ 135,521</u>	<u>(489,875)</u>	<u>(354,354)</u>
NON-OPERATING REVENUES (EXPENSES):			
Investment earnings	\$ 2,435		2,435
Change In Net Assets	\$ 137,956	(489,875)	(351,919)
Net Assets - Beginning	<u>144,115</u>	<u>(2,903,974)</u>	<u>(2,759,859)</u>
Net Assets - Ending	<u>\$ 282,071</u>	<u>(3,393,849)</u>	<u>(3,111,778)</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2006**

	<u>Workers' Compensation Fund</u>	<u>Medical Insurance Fund</u>	<u>Total</u>
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 1,156,224	22,121,170	23,277,394
Cash payments for claims and fees	(637,269)	(22,162,608)	(22,799,877)
Net Cash Provided (Used) By Operating Activities	<u>\$ 518,955</u>	<u>(41,438)</u>	<u>477,517</u>
Cash Flows from Investing Activities:			
Investment income	\$ 2,435	-	2,435
Net Cash Provided By Investing Activities	<u>\$ 2,435</u>	<u>-</u>	<u>2,435</u>
Net Increase (Decrease) In Cash and Cash Equivalents	\$ 521,390	(41,438)	479,952
Cash and Cash Equivalents - Beginning	<u>427,132</u>	<u>41,438</u>	<u>468,570</u>
Cash and Cash Equivalents - Ending	<u>\$ 948,522</u>	<u>-</u>	<u>948,522</u>
Reconciliation Of Operating Income To Net Cash Provided (Used) By Operating Activities:			
Operating income or (loss) from operations	\$ 135,521	(489,875)	(354,354)
Adjustment to reconcile operating loss to net cash Used in Operating Activities:			
Changes in Assets and Liabilities:			
Increase (decrease) in due to other funds	\$ 302,244	240,000	240,000
Increase (decrease) in accounts payable	81,190	188,929	491,173
Increase (decrease) in claims liabilities	19,508	19,508	100,698
Total Adjustments	<u>\$ 383,434</u>	<u>448,437</u>	<u>831,871</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 518,955</u>	<u>(41,438)</u>	<u>477,517</u>

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
June 30, 2006

	<u>Library Gift Fund</u>	<u>Hamden Arts Commission</u>	<u>Other Private Purpose Trust Funds</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 70,111	68,811	40,013	178,935
Due from other funds			<u>73,032</u>	<u>73,032</u>
Total Assets	<u>\$ 70,111</u>	<u>68,811</u>	<u>113,045</u>	<u>251,967</u>
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Accounts payable and accrued liabilities	\$		9,235	9,235
Deferred revenue			13,001	13,001
Due to other funds			<u>9,732</u>	<u>9,732</u>
Total Current Liabilities	<u>\$ -</u>	<u>-</u>	<u>31,968</u>	<u>31,968</u>
Net Assets:				
Unrestricted and undesignated	\$ 70,111	68,811	81,077	219,999
Total Net Assets	<u>\$ 70,111</u>	<u>68,811</u>	<u>81,077</u>	<u>219,999</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
For the Year Ended June 30, 2006**

	<u>Library Gift Fund</u>	<u>Hamden Arts Commisssion</u>	<u>Other Private Purpose Trust Funds</u>	<u>Total</u>
Additions:				
Investment Income:				
Interest and dividends	\$ 638	56	160	854
Total Investment Income	<u>\$ 638</u>	<u>56</u>	<u>160</u>	<u>854</u>
Other Income	\$ 106,063	69,319	62,211	237,593
Total Additions	<u>\$ 106,701</u>	<u>69,375</u>	<u>62,371</u>	<u>238,447</u>
Deductions:				
Benefits and other deductions	\$ 108,520	48,464	80,743	237,727
Net Change in Net Assets	<u>\$ (1,819)</u>	<u>20,911</u>	<u>(18,372)</u>	<u>720</u>
Net Assets Held in Trust for Pension Benefits and Other Purposes - Beginning of Year	<u>71,930</u>	<u>47,900</u>	<u>99,449</u>	<u>219,279</u>
Net Assets Held in Trust for Pension Benefits and Other Purposes - End of Year	<u>\$ 70,111</u>	<u>68,811</u>	<u>81,077</u>	<u>219,999</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
AGENCY FUNDS
For the Year Ended June 30, 2006**

	<u>Student Activity</u>	<u>Adult Activity</u>	<u>Performance Bonds</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 222,194	86,694	1,653,320	1,962,208
Due from other funds			161,697	161,697
Total Assets	\$ 222,194	86,694	1,815,017	2,123,905
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Due to other funds				-
Due to other groups and agencies	\$ 222,194	86,694	1,815,017	2,123,905
Total Current Liabilities	\$ 222,194	86,694	1,815,017	2,123,905

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
For the Year Ended June 30, 2006**

	Balance Uncollected June 30, 2005 and Current List	Lawful Correction		Transfers To/From Suspense	Adjusted Balance To Be Collected
		Additions	(Deletions)		
1990	\$ 30,325		(30,325)		-
1991	36,001	171			36,172
1992	36,583	88			36,671
1993	40,501				40,501
1994	50,368	836			51,204
1995	66,764	198			66,962
1996	69,369	290			69,659
1997	34,692				34,692
1998	52,875				52,875
1999	63,072				63,072
2000	17,480				17,480
2001	(11,733)				(11,733)
2002	420,671		(3,148)	(322,819)	94,704
2003	1,334,215	(47)	2,184	(21,674)	1,314,678
Prior Years					
Total	\$ 2,241,183	1,536	(31,289)	(344,493)	1,866,937
2004		114,487,739	(251,381)		114,236,358
	\$ 2,241,183	114,489,275	(282,670)	(344,493)	116,103,295

SCHEDULE 11

Cash Collections				Balance Uncollected June 30, 2006
Tax	Interest	Lien Fee	Total	
				-
6,736	15,070	24	21,830	29,436
6,184	13,081	24	19,289	30,487
3,606	6,977	24	10,607	36,895
3,794	6,310	24	10,128	47,410
3,783	5,646	24	9,453	63,179
3,601	5,027	24	8,652	66,058
3,703	4,502	24	8,229	30,989
3,618	3,745	24	7,387	49,257
3,665	3,138	24	6,827	59,407
2,394	1,652	24	4,070	15,086
4,438	2,523	72	7,033	(16,171)
114,452	43,496	360	158,308	(19,748)
910,086	151,588	4,558	1,066,232	404,592
1,070,060	262,755	5,230	1,338,045	796,877
112,980,599	448,536	2,045	113,431,180	1,255,759
<u>114,050,659</u>	<u>711,291</u>	<u>7,275</u>	<u>114,769,225</u>	<u>2,052,636</u>

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF SPECIAL ASSESSMENTS LEVIED, COLLECTED AND OUTSTANDING
For the Year Ended June 30, 2006**

<u>District</u>	<u>Balance Uncollected July 1, 2005</u>	<u>Lawful Adjustments</u>	<u>Additional Assessments</u>	<u>Adjusted Balance To Collect</u>
Evergreen - Shepard	\$ 7,196	(7,196)		-
Dunbar Hill	7,082			7,082
	<u>\$ 14,278</u>	<u>(7,196)</u>	<u>-</u>	<u>7,082</u>

SCHEDULE 12

<u>Assessment</u>	<u>Collections</u>			<u>Balance Uncollected July 1, 2006</u>
	<u>Interest</u>	<u>Fees</u>	<u>Total</u>	
			-	-
3,047			3,047	4,035
<u>3,047</u>	<u>-</u>	<u>-</u>	<u>3,047</u>	<u>4,035</u>

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF DEBT LIMITATION
For the Year Ended June 30, 2006**

	<u>General Purpose</u>	<u>Schools</u>
Debt Limitation:		
2 1/4 Times Base	\$ 258,340,205	
4 1/2 Times Base		516,680,411
3 3/4 Times Base		
3 1/4 Times Base		
3 Times Base		
7 Times Base		
	<hr/>	<hr/>
Total Debt Limitation	\$ 258,340,205	516,680,411
Indebtedness:		
Bonds payable	\$ 38,902,007	62,672,993
Bonds authorized and unissued	<u>13,763,600</u>	<u>13,076,152</u>
	<hr/>	<hr/>
Total Indebtedness of the Town	\$ 52,665,607	75,749,145
Less: School Construction Grants Receivable		<u>(17,556,520)</u>
	<hr/>	<hr/>
Total Indebtedness	\$ 52,665,607	58,192,625
Debt Limitation In Excess of Outstanding and Authorized Debt	\$ <u>205,674,598</u>	<u>458,487,786</u>

Total Tax Collections (Including Interest and Lien Fees) \$
 For The Year Ended June 30, 2006 114,769,225

Reimbursement For Revenue Loss On:
 Elderly Tax Relief 48,644

Base \$ 114,817,869

<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Bonding</u>	<u>Total Limitation</u>
430,567,009	373,158,074	344,453,607	803,725,083
<u>430,567,009</u>	<u>373,158,074</u>	<u>344,453,607</u>	<u>803,725,083</u>
			101,575,000
			26,839,752
-	-	-	128,414,752
			<u>(17,556,520)</u>
-	-	-	110,858,232
<u>430,567,009</u>	<u>373,158,074</u>	<u>344,453,607</u>	<u>692,866,851</u>

**SCHEDULE OF CAPITAL PROJECT EXPENDITURES
 COMPARED WITH PROJECT AUTHORIZATION (BUDGETARY BASIS)
 For the Year Ended June 30, 2006**

<u>Project</u>	<u>Authorized Appropriation</u>	<u>Expenditures During Year</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
2001/2002 Capital Improvements	\$ 579,991	17,610	343,148	236,843
2002/2003 Capital Improvements	3,052,155	70,010	2,588,864	463,291
2003/2004 Capital Improvements	2,261,683	178,460	1,947,062	314,621
2004/2005 CIP Amendment	2,079,000	553,609	1,150,860	928,140
2005 Epoxy crosswalk project	40,428		40,000	428
2005 Epoxy crosswalk project	24,000			24,000
Air cond in b, c & d wings	2,711,859	1,390,598	1,499,142	1,212,717
Animal Control Facility Design	10,000	9,700	9,700	300
Band shell electrical	15,200			15,200
Band shell stage const install	103,745			103,745
Bear Path School	14,710,000	45,216	14,686,833	23,167
BOE Athletic Fields - arch & eng	89,987	89,987	89,987	-
BOE central office misc rep	21,840	(199)	21,840	0
Brooksvale Park	3,450,000	19,333	3,399,325	50,675
Brooksvale Improvements	25,000	24,518	24,518	482
Brooksvale Park bldg materials	43,030	38,843	37,490	5,540
Brooksvale Park trial Renovations	14,610	6,088	6,088	8,522
Center One Govt Ctr	2,408,882	8,270	2,408,730	152
Center One improvements	100,000	30,000	83,904	16,096
D'addio Farm Acquisition	4,500,000			4,500,000
Emergency generator police	48,400		44,000	4,400
Engineer certification	1,400	226	725	675
Equipment repair worth ave drain	77,270	23,220	77,270	-
Ernest Borgnine	71,400	16,811	16,811	54,589
Farmington canal	6,023,936	188,903	5,505,262	518,674
Farmington canal Greenway Completion	5,350,000			5,350,000
Farmington canal III	15,000	15,000	15,000	-
Farmington canal II	1,769,442	468,241	1,139,832	629,610
Flooring units	13,246			13,246
Guard rails at (6) locations	32,000			32,000
Hamden ice rink phase II	1,769,441			1,769,441
Hamden Indust Park II	3,000			3,000
Hamden Middle School	54,525,000	3,049,418	52,474,494	2,050,506
Hamden sch sys CIP	530,000		526,159	3,841
Handicap ramp	900	880	880	20
Helen St / hms misc renov	150,829		128,910	21,919
HMS Renov - arch fees	181,901	76,674	181,901	(0)
HVAC replacement center one	550,000		478,557	71,443
Imp to HHs fields - proj adm	46,000			46,000
Improvement to police annex	40,000	10,184	11,684	28,316
Library Renovation Projects	212,000	754	64,016	147,984
M.I. Keefe Center renovation	367,000	35,616	366,743	257
M.I. Keefe roof replacement	77,000		74,707	2,293
Mesh curtain	3,220	38,843	3,212	8
Newhall enviro study	4,700,000	631,459	4,007,126	692,874
Paving and Side Walks	1,410,000	571,226	571,226	838,774
Pine Rock Renovations	80,000	47,848	47,848	32,152
Pol/Fire feas. Study	200,000		131,723	68,277
Police substation/lighthouse	50,000		8,800	41,200
Refunding expenses	339,456	(313)	339,456	0
Ridge Hill roof replacement	639,291	4,698	634,432	4,859

(continued)

**SCHEDULE OF CAPITAL PROJECT EXPENDITURES
 COMPARED WITH PROJECT AUTHORIZATION (BUDGETARY BASIS)
 For the Year Ended June 30, 2006**

<u>Project</u>	<u>Authorized Appropriation</u>	<u>Expenditures During Year</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
Town Hall Roof Replacement	230,000	212,000	212,000	18,000
Spring Glen School	16,375,000	48,708	16,331,103	43,897
St. Ann's park improvements	44,000	3,605	43,999	1
Tile & cove molding mom HHS	53,961		53,961	-
Town aid road	326,807	261,187	261,187	65,620
Town Hall renovation & refurb	161,400	121,674	148,327	13,073
Traffic Dept road improv	200,000	101,435	199,992	8
Veterans Memorial Building	6,200	6,200	6,200	-
Vo-ed hydraulic lift	61,545		39,809	21,736
West Woods window replace	560,709	199	475,309	85,400
Whitney Improvements	100,000	10,828	10,828	89,172
Winter Green School	15,515,000	220,383	15,148,753	366,247
Woodin Street Fence	100,000	82,477	82,477	17,523
	<u>149,253,165</u>	<u>8,730,427</u>	<u>128,202,210</u>	<u>21,050,955</u>

**TRANSPORTATION PROGRAM FOR THE ELDERLY
STATEMENT OF REVENUES AND EXPENSES
For the Year Ended June 30, 2006**

Revenues:

Town of Hamden Budget	\$	257,539
Passenger donations		3,232
Total Revenues	\$	<u>260,771</u>

Expenses:**Salaries and Benefits:**

Salaries	\$	134,755
Benefits		87,590
Total Salaries and Benefits	\$	<u>222,345</u>

Operating Expenses:

Insurance	\$	9,000
Vehicle maintenance		5,562
Fuel		15,217
Administrative expenses		5,415
Total Operating Expenses	\$	<u>35,194</u>

Total Expenses	\$	<u>257,539</u>
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