

McGladrey & Pullen

Certified Public Accountants

TOWN OF HAMDEN, CONNECTICUT

**FINANCIAL REPORT
JUNE 30, 2008**



TOWN OF HAMDEN, CONNECTICUT

FINANCIAL REPORT

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TOWN OF HAMDEN, CONNECTICUT

FINANCIAL REPORT

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McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Council
Town of Hamden, Connecticut

We have audited the accompanying financial statements of the governmental 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, 2008, 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 ninety-nine percent of the current assets and ninety-eight 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, each major fund, and the aggregate remaining fund information of the Town of Hamden, Connecticut as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 10 to the basic financial statements, the Town adopted GASB Statement No. 45 as of July 1, 2007.

As described in Note 15 to the basic financial statements, the beginning net assets of Governmental Activities, and the beginning fund balance of the Governmental Funds as of July 1, 2007 have been restated. We have also audited the adjustments described in Note 15 that were applied to restate net assets and fund balances as of July 1, 2007. In our opinion, the adjustments are appropriate and have been properly applied.

In accordance with "Government Auditing Standards," we have also issued our report dated December 31, 2008 on our consideration of the Town of Hamden, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on 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 discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. 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's basic financial statements. The budgetary details and the combining and individual nonmajor fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary details, combining and individual nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

New Haven, Connecticut
December 31, 2008

**Town of Hamden, Connecticut
Management's Discussion and Analysis
June 30, 2008**

Our discussion and analysis of the financial performance of the Town of Hamden, Connecticut, provides an overview of the Town's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Town's financial statements that follow this section.

Financial Highlights

- ◆ On a government-wide basis, the liabilities of the Town of Hamden exceeded its assets, resulting in a total net deficit on June 30, 2008, of \$(4,878,053).
- ◆ On a government-wide basis, during the year, the Town's net assets decreased by \$42,837,715 or 113% from \$37,959,662 to \$(4,878,053).
- ◆ At the close of the year, the Town of Hamden's combined governmental funds, on a current financial resources basis, had an ending fund deficit of \$3,190,864, a decrease of \$3,233,515 from the prior fiscal year.
- ◆ At the end of the 2007/2008 fiscal year, the total fund balance for the General Fund alone was \$7,744,188, an increase of \$659,779 from the prior fiscal year. Of the total fund balance as of June 30, 2008, \$7,744,188 represents the unreserved General Fund fund-balance. The total General Fund fund-balance at year-end represents 4.4% of the total General Fund expenditures \$176,573,319 for the fiscal year ending June 30, 2008.
- ◆ The Town of Hamden's total long-term bonded indebtedness decreased by \$8,745,000 during the current fiscal year to \$95,575,000.

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 components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements.

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. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference reported as net assets. The Town's net assets – the difference between assets and liabilities – is one way to measure the Town's financial health or financial position. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the Town is improving or deteriorating. It speaks to the question of whether or not the Town, as a whole, is better or worse off as a result of this year's activities. Other non-financial factors will need to be considered, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town of Hamden.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period, for example uncollected taxes and earned but unused vacation leave.

Activities of the Town of Hamden encompass the Town's basic services and include governmental and community services, administration, public safety, health and welfare, and education. Property taxes, charges for services and state and federal grants finance most of these activities.

The government-wide financial statements (statement of net assets and statement of activities) can be found on pages 11-12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability 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. The Town of Hamden has three kinds of funds:

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the fiscal year. Such 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 with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 this comparison between governmental funds and governmental activities.

The Town of Hamden maintains 18 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 the Capital Project Fund. Data from the other governmental funds are combined into a single, aggregated presentation as Nonmajor Governmental Funds.

The Town of Hamden adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the authorized budget. The statement of revenues, expenditures and changes in budgetary fund balance on a budgetary basis can be found on page 16.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 13–14 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 provide services to the Town's constituency. The Town has one pension trust fund, three private purpose trust funds and three agency funds. The basic fiduciary fund financial statements can be found on pages 20-21.

Proprietary funds. The Town maintains 1 type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its self-insured medical and workers' compensation benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22–54 of this report.

The notes to this report also contain certain information concerning the Town's progress in funding its obligation to provide pension and post-retirement benefits to its employees.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. Town of Hamden governmental activities liabilities exceeded assets by \$4,878,053 on June 30, 2008.

Town of Hamden, Connecticut

Net Assets

(In 000's)

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Current and other assets	\$ 41,618,688	\$ 38,436,416
Capital assets	<u>236,883,914</u>	<u>245,498,291</u>
Total assets	<u>278,502,602</u>	<u>283,934,707</u>
Other liabilities	35,105,870	18,278,348
Long-term liabilities	<u>248,274,785</u>	<u>221,196,697</u>
Total liabilities	<u>283,380,655</u>	<u>239,475,045</u>
Net assets:		
Investment in capital assets - net of related debt	133,708,899	140,840,449
Restricted	-	11,965
Unrestricted (deficit)	<u>(138,586,952)</u>	<u>(96,392,752)</u>
Total net assets (deficit)	<u>\$ (4,878,053)</u>	<u>\$ 44,459,662</u>

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

Town of Hamden, Connecticut
Changes in New Assets
(In 000's)

	<u>Year Ended</u> <u>June 30, 2008</u>	<u>Year Ended</u> <u>June 30, 2007</u>
Revenues:		
Program revenues:		
Charges for services	\$ 12,184,746	\$ 7,731,612
Operating grants and contributions	34,718,207	12,176,774
Capital grants and contributions	891,707	5,564,042
General revenues:		
Property taxes	126,016,066	118,197,833
Grants not restricted to specific purposes	4,769,816	30,224,627
Unrestricted investment earnings	1,221,604	1,977,941
Miscellaneous	-	1,141,653
Total revenues	<u>179,802,146</u>	<u>177,014,482</u>
Expenses:		
General government	32,520,658	10,809,288
Education	126,183,278	106,377,426
Public safety	31,481,956	24,935,631
Public works	15,233,369	12,499,011
Health and welfare	4,178,553	3,008,206
Culture and recreation	7,433,452	6,014,892
Community development	862,178	1,299,269
Interest on long-term debt	4,746,417	4,882,800
Total expenses	<u>222,639,861</u>	<u>169,826,523</u>
Changes in net assets	(42,837,715)	7,187,959
Net assets, beginning, as restated (Note 15)	<u>37,959,662</u>	<u>37,271,703</u>
Net assets (deficits), ending	<u>\$ (4,878,053)</u>	<u>\$ 44,459,662</u>

Hamden's net assets decreased by \$42,837,715 during the fiscal year. This decrease is principally due to the recognition of liabilities for post-employee and pension benefits.

Governmental Activities

For governmental activities, approximately 70% of the revenues were derived from property taxes, followed by approximately 22% from intergovernmental revenues.

Major revenue factors included:

- ◆ An increase in property tax revenue of approximately 7%.

For governmental activities, approximately 56% of the Town's expenses relate to education, 17% relate to general government, 5% relate to public work operations, 14% to public safety and the remaining 8% relate to interest expense, health and welfare, community development and culture and recreation.

Major expense factors include:

- ◆ Functional expenses generally increased due primarily to recognition of other post-employment benefits and pension benefits. The recognition of the OPEB pension obligation incurred current year expenses of \$26,646,859. The net pension obligation increased by \$7,037,597.

Financial Analysis of the Government's Funds

As noted 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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Hamden. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,744,188.

As stated earlier, the fund balances of the Town of Hamden's general fund increased by \$659,779 during the current fiscal year. This increase was due to lower than expected operating expenses.

The Capital Project Fund has a total fund deficit of \$8,501,813, a decrease of \$2,448,835 from the prior year as a result of capital outlay expenditures.

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

The deficit of the Internal Service Funds at the end of the year was \$3,833,604, a decrease of \$2,561,652 over the prior year due to higher claims expense. The liability for incurred but not reported claims (IBNR) for medical claims increased by \$678,254.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$821,079.

During the year, actual revenues and transfers in were \$171,230,230, which were less than budgetary estimates by \$2,993,307.

Actual expenditures and transfers out on a budgetary basis totaled \$170,437,563.

Major contributors were:

- Lower than anticipated employee benefit costs.

Capital Assets and Debt Administration

Capital Assets. The Town of Hamden's investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$337 million on a gross basis and \$237 million net of accumulated depreciation. This investment in capital assets includes land, buildings, land improvements, machinery and equipment, park facilities, roads and bridges.

Town of Hamden, Connecticut		
Capital Assets Net of Depreciation		
	June 30, 2008	June 30, 2007
Governmental funds capital assets:		
Land	\$ 15,141,108	\$ 16,145,858
Land improvements	10,006,195	8,416,425
Buildings and improvements	150,684,218	152,162,305
Machinery and equipment	5,314,007	9,199,325
Infrastructure	42,935,264	44,939,350
Construction in progress	12,803,122	14,635,028
Total	\$ 236,883,914	\$ 245,498,291

The major capital asset events during the current fiscal year included building improvements to several properties as well as land and infrastructure improvements.

Additional information on the Town of Hamden's capital assets can be found on page 37 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Hamden had total bonded debt outstanding of \$95,575,000; 100% of this debt is backed by the full faith and credit of the Town government.

The Town's long-term debt, all in the form of general obligation bonds, decreased by \$8,745,000 during the 2007/2008 fiscal year.

	June 30, 2008	June 30, 2007
General obligation bonds	\$ 95,575,000	\$ 104,320,000

Additional information on the Town's long-term debt can be found on page 39.

Economic Factors

The Town has not been immune from the effects of the national economic downturn. As of June 2008, the unemployment rate for the Hamden labor market area was 5.7% compared with 4.8% for the prior year. The Connecticut overall unemployment rate stands at 6.4%, compared with 3.9% for the same time last year.

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, government officials 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.

Requests for Information

This 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 or requests for additional financial information should be addressed to the Director of Finance, Hamden Government Center, 2750 Dixwell Avenue, Hamden, Connecticut 06518.



Basic Financial Statements



TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF NET ASSETS (DEFICITS)

June 30, 2008

	Primary Government Governmental Activities
Assets	
Cash and cash equivalents	\$ 21,746,441
Receivables, net of allowance for collection losses:	
Property taxes	4,217,937
Intergovernmental	1,376,198
Other	651,180
Noncurrent assets:	
Long-term intergovernmental receivable	13,626,932
Capital assets not being depreciated	27,944,230
Capital assets being depreciated, net of accumulated depreciation	208,939,684
Total assets	<u>278,502,602</u>
Liabilities	
Accounts payable and accruals	18,926,231
Accrued interest payable	2,093,093
Due to fiduciary funds	161,396
Unearned revenue	1,625,150
Bond anticipation notes payable	12,300,000
Noncurrent liabilities:	
Due in less than one year	13,271,249
Due in more than one year	235,003,536
Total liabilities	<u>283,380,655</u>
Net Assets	
Investment in capital assets, net of related debt	133,708,899
Unrestricted (deficit)	(138,586,952)
Total net assets (deficit)	<u>\$ (4,878,053)</u>

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, 2008

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Change in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary governmental activities:					
Governmental activities:					
Education	\$ 1,097,650	\$ 31,346,791	\$ -	\$ (126,183,278)	\$ (93,738,837)
General government	6,746,310	3,136,117	600,234	(32,520,658)	(22,037,997)
Public safety	266,882	193,755	134,150	(31,481,956)	(30,887,169)
Public works	3,018,543	-	7,685	(15,233,369)	(12,207,141)
Health & welfare	196,887	-	-	(4,178,553)	(3,981,666)
Culture and recreation	858,474	41,544	149,638	(7,433,452)	(6,383,796)
Community development	-	-	-	(862,178)	(862,178)
Interest on long-term debt	-	-	-	(4,746,417)	(4,746,417)
Total primary government	\$ 12,184,746	\$ 34,718,207	\$ 891,707	\$ (222,639,861)	\$ (174,845,201)

General revenues:	
Property taxes	126,016,066
Grants and contributions not restricted to specific programs	4,769,816
Unrestricted investment earnings	1,221,604
Total general revenues	132,007,486
Extraordinary item:	
State teachers on-behalf revenue (Note 14)	22,290,000
State teachers on-behalf payments (Note 14)	(22,290,000)
Change in net assets	(42,837,715)
Net assets - beginning, as restated (Note 15)	37,959,662
Net assets (deficits) - ending	\$ (4,878,053)

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

TOWN OF HAMDEN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2008

	Major Funds			Total Governmental Funds
	General Fund	Capital Project Fund	Nonmajor Governmental Funds	
Assets				
Cash and cash equivalents	\$ 17,539,078	\$ 297,256	\$ 2,375,181	\$ 20,211,515
Receivables (net of allowances for collection losses):				
Property taxes	4,217,937	-	-	4,217,937
Intergovernmental	14,005,903	-	997,227	15,003,130
Other	625,144	-	26,036	651,180
Due from other funds	6,477,906	3,965,777	2,218,108	12,661,791
Total assets	\$ 42,865,968	\$ 4,263,033	\$ 5,616,552	\$ 52,745,553
Liabilities				
Accounts payable and accruals	\$ 12,348,973	\$ 464,846	\$ 1,899,641	\$ 14,713,460
Unearned revenues	1,377,062	-	248,088	1,625,150
Deferred revenues	15,630,379	-	-	15,630,379
Due to other funds	5,765,366	-	5,902,062	11,667,428
Temporary notes payable	-	12,300,000	-	12,300,000
Total liabilities	35,121,780	12,764,846	8,049,791	55,936,417
Fund Balances (Deficits)				
Reserved for:				
Encumbrances	-	981,980	3,352,025	4,334,005
Endowments	-	-	12,030	12,030
Unreserved, undesignated, reported in:				
General Fund	7,744,188	-	-	7,744,188
Special revenue funds	-	-	1,045,955	1,045,955
Capital projects funds	-	(9,483,793)	(6,843,249)	(16,327,042)
Total fund balances (deficit)	7,744,188	(8,501,813)	(2,433,239)	(3,190,864)
Total liabilities and fund balances (deficit)	\$ 42,865,968	\$ 4,263,033	\$ 5,616,552	

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

Capital assets, net of accumulated depreciation of \$100,410,116, purchased by governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the town as a whole.	236,883,914
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenues in the funds.	15,630,379
Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(3,833,604)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(248,274,785)
Accrued interest payable	(2,093,093)
Net assets (deficit) of governmental activities	\$ (4,878,053)

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Major Funds			Total Governmental Funds
	General Fund	Capital Project Fund	Nonmajor Governmental Funds	
REVENUES				
Property taxes	125,272,842	\$ -	\$ -	125,272,842
Intergovernmental	34,108,141	208,260	3,919,660	38,236,061
State on-behalf payments	5,521,000	-	-	5,521,000
Permits, fees and other	4,748,379	-	-	4,748,379
Income from investments	1,179,351	17,075	25,178	1,221,604
Charges for services	3,371,363	-	1,698,947	5,070,310
Miscellaneous	1,096,647	-	161,229	1,257,876
Proceeds from land sale	1,062,000	-	-	1,062,000
Total revenues	176,359,723	225,335	5,805,014	182,390,072
EXPENDITURES				
Current:				
Education	74,927,243	-	2,956,302	77,883,545
State on-behalf payments	5,521,000	-	-	5,521,000
General government	8,616,312	-	175,981	8,792,293
Public safety	20,427,428	-	413,571	20,840,999
Public works	11,302,994	-	165,987	11,468,981
Health & welfare	1,421,511	-	425,359	1,846,870
Culture and recreation	3,573,695	-	1,879	3,575,574
Employee benefits	37,096,091	-	130,215	37,226,306
Community development	-	-	862,178	862,178
Debt service:				
Principal retirements	8,745,000	-	-	8,745,000
Interest and other charges	4,746,417	-	-	4,746,417
Capital outlay	195,628	2,443,041	1,671,383	4,310,052
Total expenditures	176,573,319	2,443,041	6,802,855	185,819,215
Revenues over (under) expenditures	(213,596)	(2,217,706)	(997,841)	(3,429,143)
OTHER FINANCING SOURCES (USES)				
Transfers in	677,747	-	-	677,747
Transfers out	-	(231,129)	(446,618)	(677,747)
Proceeds from capital leases	195,628	-	-	195,628
Total other financing sources (uses)	873,375	(231,129)	(446,618)	195,628
Extraordinary item (Note 14)				
State teachers on-behalf payments	(22,290,000)	-	-	(22,290,000)
State teachers on-behalf revenue	22,290,000	-	-	22,290,000
Total extraordinary item	-	-	-	-
Change in fund balances (deficits)	659,779	(2,448,835)	(1,444,459)	(3,233,515)
FUND BALANCES (DEFICITS), beginning, as restated (Note 15)				
	7,084,409	(6,052,978)	(988,780)	42,651
FUND BALANCES (DEFICITS), ending	\$ 7,744,188	\$ (8,501,813)	\$ (2,433,239)	\$ (3,190,864)

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

TOWN OF HAMDEN, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

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

Net change in fund balances – total governmental funds	\$ (3,233,515)
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.	(7,552,377)
Net change in previously recognized revenues in the statement of activities.	(1,525,927)
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.	8,869,794
Changes in 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 until they are paid.	(35,772,038)
Internal Service Funds, the net revenue (expense) of internal service funds is reported with governmental activities.	(2,561,652)
Proceeds from land sale	<u>(1,062,000)</u>
Change in net assets of governmental activities	<u>\$ (42,837,715)</u>

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

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF REVENUES AND EXPENDITURES AND OTHER FINANCING SOURCES - BUDGETARY BASIS -
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes, interest and liens	\$ 124,923,134	\$ 124,923,134	\$ 124,986,602	\$ 63,468
Intergovernmental	34,454,439	34,842,724	34,108,141	(734,583)
Licenses, permits and fees	4,869,635	4,869,635	4,748,379	(121,256)
Charges for services	5,351,400	5,351,400	3,371,363	(1,980,037)
Investment earnings	1,850,000	1,850,000	1,179,351	(670,649)
Miscellaneous	1,903,850	2,336,644	2,158,647	(177,997)
Total revenues	173,352,458	174,173,537	170,552,483	(3,621,054)
EXPENDITURES				
Current:				
Education	74,131,163	74,952,242	74,794,355	157,887
General government	10,591,724	8,705,669	8,330,072	375,597
Public safety	20,593,365	20,799,097	20,427,428	371,669
Public works	10,223,612	11,385,073	11,302,994	82,079
Health and welfare	1,392,347	1,458,652	1,421,511	37,141
Culture and recreation	3,755,830	3,824,811	3,573,695	251,116
Employee benefits	39,073,000	39,456,576	37,096,091	2,360,485
Debt service:				
Principal retirements	8,745,000	8,745,000	8,745,000	-
Interest	4,846,417	4,846,417	4,746,417	100,000
Total expenditures	173,352,458	174,173,537	170,437,563	3,735,974
Revenues over (under) expenditures	-	-	114,920	(114,920)
OTHER FINANCING SOURCES				
Transfers in	-	-	677,747	(677,747)
Revenues and other financing sources over expenditures and other financing sources	\$ -	\$ -	\$ 792,667	\$ 792,667

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF NET ASSETS (DEFICIT) - PROPRIETARY FUNDS

June 30, 2008

	Governmental Activities
	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,534,926
Due from other funds	5,299
Total assets	<u>1,540,225</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable and accrued liabilities	841,972
Claims incurred but not reported	1,798,555
Due to other funds	1,161,057
Total current liabilities	<u>3,801,584</u>
Noncurrent liabilities:	
Claims payable	1,572,245
Total liabilities	<u>5,373,829</u>
NET ASSETS (DEFICIT)	
Net assets (deficit)	(3,833,604)
Total net assets	<u>\$ (3,833,604)</u>

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICIT) -
PROPRIETARY FUNDS
For the Year Ended June 30, 2008

	Governmental Activities
	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	\$ 24,621,267
Total operating revenues	<u>24,621,267</u>
OPERATING EXPENSES	
Claims expense	27,193,034
Total operating expenses	<u>27,193,034</u>
Operating income (loss)	(2,571,767)
NONOPERATING REVENUES	
Interest income	10,115
Total nonoperating revenues	<u>10,115</u>
Change in net assets	(2,561,652)
FUND NET ASSETS (DEFICIT), beginning	<u>(1,271,952)</u>
FUND NET ASSETS (DEFICIT), ending	<u><u>\$ (3,833,604)</u></u>

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2008

	Governmental Activities <hr/> Internal Service Funds <hr/>
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 24,621,267
Cash payments for claims and fees	(24,684,069)
Net cash (used in) operating activities	<hr/> (62,802) <hr/>
Cash Flows From Investing Activities	
Interest received on investments	10,115
Net decrease in cash and cash equivalents	<hr/> (52,687) <hr/>
Cash and Cash Equivalents	
Beginning	1,587,613
Ending	<hr/> <u>\$ 1,534,926</u> <hr/>
Reconciliation of Operating (Loss) to Net Cash Used in Operating Activities	
Operating income (loss)	\$ (2,571,767)
Adjustments to reconcile operating (loss) to net cash used in operating activities:	
Changes in assets and liabilities:	
Increase in accounts payable and accrued liabilities	2,010,513
Increase in claims incurred but not reported	678,254
Decrease in due to other funds	(179,802)
Net cash (used in) operating activities	<hr/> <u>\$ (62,802)</u> <hr/>

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2008

	Pension Trust Fund	Agency Funds	Private Purpose Trust Funds
ASSETS			
Cash and cash equivalents	\$ 3,357,829	\$ 1,035,404	\$ 181,374
Investments, at fair value	77,553,286	-	-
Other receivables	235,237	-	-
Prepaid expenses	14,617	-	-
Due from other funds	-	79,025	82,371
Total assets	81,160,969	1,114,429	263,745
LIABILITIES			
Due to others	-	1,114,429	-
Accounts payable and accruals	102,645	-	12,225
Total liabilities	102,645	1,114,429	12,225
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER	\$ 81,058,324	-	\$ 251,520

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Fund	Private Purpose Trust Fund Funds
Contributions:		
Town of Hamden	\$ 12,000,000	\$ -
Plan members	1,845,471	-
Total contributions	13,845,471	-
Investment Income		
Interest and dividends	2,983,328	1,014
Net depreciation in fair value of investments	(6,594,150)	-
Other income	-	417,966
	(3,610,822)	418,980
Less investment expenses:		
Investment management fees	368,556	-
Net investment income (loss)	(3,979,378)	418,980
Total additions	9,866,093	418,980
DEDUCTIONS		
Benefits and other deductions	17,359,201	411,080
Administrative	110,134	-
	17,469,335	411,080
Change in net assets	(7,603,242)	7,900
NET ASSETS		
Beginning of year	88,661,566	243,620
End of year	\$ 81,058,324	\$ 251,520

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 1. 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.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in the Governmental Accounting Standards Board statements, has been considered and there are no agencies or entities which should be presented with the Town.

Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Property taxes, when levied for, intergovernmental revenue when eligibility requirements are met, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received by the Town, or specifically identified.

The Town reports the following major governmental funds:

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Additionally, the government reports the following fund types:

Fiduciary Funds:

The *Pension Trust Fund* is used to account for the accumulation of resources to be used for retirement benefits.

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

The *Private Purpose Trust Funds* are used to account for assets held by the Town in a trustee capacity, or as an agent on behalf of others.

The *Internal Service Fund* is used to account for revenues and related expenses of employee health insurance and workers compensation insurance for employees of the Board of Education.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

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

Pension plan accounting

Pension Trust Fund:

The Pension Trust Fund is reported on the accrual basis of accounting. 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. Administrative costs are financed through investment earnings.

Governmental Funds:

The net pension obligation, the cumulative difference between annual pension cost and the Town's contributions to the plan since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net pension obligation is recorded as a non-current liability in the government-wide financial statements.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Funding Policy:

The Town makes contributions at the discretion of management.

Net other post-employment benefit obligations

In fiscal year 2008, the Town implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions." This pronouncement required the Town to calculate and record a net other post-employment benefit obligation (NOPEBO) at June 30, 2008. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2007.

Accounting estimates

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

Property taxes

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

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute expenditures or liabilities.

Cash equivalents

The Town considers all certificates of deposit and highly liquid short-term investment funds with original maturities of three months or less to be cash equivalents.

Investments

Investments for the Town are reported at fair value based on quoted market prices. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The balance of the pooled fixed income investments were invested in a pool similar to a 2a-7. The fair value of the position in the pool is the same as the value of the pool shares. These investments are stated at amortized cost.

Allowance for doubtful accounts

Accounts receivable, property tax receivables and notes receivable for the primary government are reported net of allowance for doubtful accounts of approximately \$317,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and analysis of creditor's ability to pay.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Land 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

In the governmental fund financial statements, capital outlay (assets) is reported as an expenditure and no depreciation expense is recorded.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2008

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net 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 term of the related debt. Debt principal payments are reported as debt service expenditures.

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

Risks and uncertainties

The Town invests in various securities, including U.S. government securities, corporate bonds, common stock and mutual funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position and activities.

Fund equity and net assets

In the Government-Wide Financial Statements, net assets are classified in the following categories:

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

Unrestricted Net Assets or Deficits - This category represents the net assets of the Town, which are not restricted for any project or other purpose. Deficits require future funding.

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

Reserved fund balance – indicates that portion of fund equity that is not available for appropriation or which has been legally segregated for specific purposes.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Unreserved/Designated fund balance or deficits – indicates that portion of fund equity for which the Town has made tentative plans.

Unreserved fund balance or deficits – indicates that portion of fund equity which is available for appropriation and expenditure in future periods. Deficits require future funding.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of 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	\$ 95,575,000
Deferred charges	(1,275,204)
Capital leases payable	838,252
Compensated absences	7,359,700
Landfill closure	236,398
Claims and judgements	4,500,000
Net pension obligation	110,347,861
Heart and hypertension	4,045,919
OPEB obligations	<u>26,646,859</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 248,274,785</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

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

Capital outlay	\$ 3,792,598
Depreciation expense	<u>(11,344,975)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (7,552,377)</u>

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

Long-Term Liabilities issued or incurred:	
Amortization of deferred charges	\$ (98,093)
Capital leases incurred	(195,628)
Principal repayments:	
General obligation debt	8,745,000
Capital lease payments	<u>418,515</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 8,869,794</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

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 difference are as follows:

Compensated absences	\$ (298,232)
Net change in accrued interest	175,844
Pension obligation	(7,037,597)
Landfill costs	43,838
Heart and hypertension	(2,009,032)
Other post-employment obligation	<u>(26,646,859)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (35,772,038)</u>

Note 3. 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 modified accrual 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

- 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.

Additional appropriations for the year ended June 30, 2008 amounted to \$821,079.

A reconciliation of General Fund budgetary basis is as follows:

	General Fund	
	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Balance, budgetary basis, June 30, 2008	\$ 171,230,230	\$ 170,437,563
On-behalf payments for state teachers retirement	5,521,000	5,521,000
Changes in reserves for encumbrances, continued appropriations and liquidation of encumbrances	-	132,888
Purchases of equipment under capital lease obligations not recognized for budgetary purposes	195,628	195,628
Elderly tax abatement	286,240	286,240
Balance, GAAP Basis, June 30, 2008	\$ 177,233,098	\$ 176,573,319

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2008

Special revenue funds

The Town does not have legally adopted annual budgets for its 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 are non-lapsing and may comprise more than one fiscal year.

Capital project funds

Legal authorization for expenditures of the capital project funds is provided by the related bond ordinances. Capital appropriations do not lapse until completion of the applicable projects.

Note 4. Cash, Cash Equivalents and Investments

Deposits: The Town does not have a policy for deposits. The Town also does not have a custodial credit risk policy. However, as a practice, the Town follows State statutes. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The Town and the Pension Trust Fund do not have a custodial credit risk policy for investments. They also do not have a credit risk policy, however, it is their practice to use State statutes. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

Interest rate risk: The Town, which includes the Pension Trust Fund, does not have a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Concentrations: The Town does not have a policy that limits the amounts invested in any one issuer. However, its practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an out side party. As of June 30, 2008, approximately \$24,759,000 of the Town's bank balance of approximately \$25,216,000 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Cash and investments of the Town consist of the following at June 30, 2008:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 23,106,190
State of Connecticut Short-Term Investment Fund	3,214,858
Total cash and cash equivalents	<u>26,321,048</u>
Investments	
Pension Trust Funds:	
U.S. Government Agency Securities	7,115,588 *
U.S. Government Securities	6,258,033 *
Corporate and Other Bonds	15,761,760 *
Common Stock	44,040,432 *
Mutual Funds	4,377,473
Total investments	<u>77,553,286</u>
Total cash and investments	<u>\$ 103,874,334</u>

* These investments are uninsured and unregistered, with securities held by the counterparty, but not in the Town's or Pension Plan's name.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Assets	
Cash and cash equivalents	\$ 21,746,441
Fiduciary Funds:	
Cash and cash equivalents	4,574,607
Investments	77,553,286
	<u>82,127,893</u>
Total cash and investments	<u>\$ 103,874,334</u>

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows:

Summary of Investments	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Pooled fixed income	\$ 3,214,858	\$ 3,214,858	\$ -	\$ -	\$ -
U.S. Government Agency Securities	7,115,588	5,196,874	-	12,515	1,906,199
U.S. Government Securities	6,258,033	-	4,080,848	2,008,509	168,676
Corporate and Other Bonds	15,761,760	96,195	4,573,394	3,906,592	7,185,579
TOTAL	<u>\$ 32,350,239</u>	<u>\$ 8,507,927</u>	<u>\$ 8,654,242</u>	<u>\$ 5,927,616</u>	<u>\$ 9,260,454</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
 June 30, 2008

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt type investment.

Average Rating	Corporate and Other Bonds	U.S. Government Agency Securities	Pooled Fixed Income
AAA	\$ 6,076,973	\$ 7,115,588	\$ 3,214,858
AA+	180,914	-	-
AA	700,205	-	-
AA-	1,297,697	-	-
A+	759,561	-	-
A	1,617,464	-	-
A-	981,578	-	-
BBB+	2,235,894	-	-
BBB	930,375	-	-
BBB-	735,944	-	-
BB+	172,069	-	-
BB	73,086	-	-
	<u>\$ 15,761,760</u>	<u>\$ 7,115,588</u>	<u>\$ 3,214,858</u>

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2008, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 6,477,906	\$ 5,765,366
Capital Projects Fund	3,965,777	-
Non-Major Governmental and Other Funds	2,384,803	7,063,120
Totals	<u>\$ 12,828,486</u>	<u>\$ 12,828,486</u>

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Interfund transfers during the year ended June 30, 2008 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 677,747	\$ -
Capital Project Fund	-	231,129
Non-Major Governmental Funds	-	446,618
Totals	\$ 677,747	\$ 677,747

Transfers into the general fund are primarily for closed capital projects.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 16,145,858	\$ 57,250	\$ 1,062,000	\$ 15,141,108
Construction in progress	14,635,028	675,950	2,507,856	12,803,122
Total capital assets, not being depreciated	30,780,886	733,200	3,569,856	27,944,230
Capital assets, being depreciated:				
Land improvements	10,499,714	2,218,785	-	12,718,499
Buildings and improvements	185,410,638	2,996,851	-	188,407,489
Machinery and equipment	20,022,403	139,325	50,000	20,111,728
Infrastructure	87,899,791	212,293	-	88,112,084
Total capital assets being depreciated	303,832,546	5,567,254	50,000	309,349,800
Less accumulated depreciation for:				
Land improvements	2,083,289	629,015	-	2,712,304
Buildings and improvements	33,248,333	4,474,938	-	37,723,271
Machinery and equipment	10,823,078	4,024,643	50,000	14,797,721
Infrastructure	42,960,441	2,216,379	-	45,176,820
Total accumulated depreciation	89,115,141	11,344,975	50,000	100,410,116
Total capital assets, being depreciated, net	214,717,405	(5,777,721)	-	208,939,684
Governmental activities capital assets, net	\$ 245,498,291	\$ (5,044,521)	\$ 3,569,856	\$ 236,883,914

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

General government	\$ 412,696
Education	2,970,428
Public Safety	2,806,546
Public Works	5,070,023
Health and Welfare	547
Culture and Recreation	84,735
Total depreciation expense	<u>\$ 11,344,975</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Note 7. Unearned Revenue/Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue/deferred revenue were as follows:

	Deferred Revenues	Unearned Revenues
General Funds:		
Taxes and accrued interest on delinquent property taxes	\$ 2,003,447	\$ -
School construction receivable	13,626,932	-
Advance tax collections	-	258,980
Tax overpayments	-	1,118,082
Nonmajor Funds:		
Grants and other receivables	-	248,088
Total deferred/unearned revenue	\$ 15,630,379	\$ 1,625,150

Note 8. Bond Anticipation Notes Payable and Subsequent Event

The Town has \$12,300,000 of bond anticipation notes outstanding as of June 30, 2008. The bond anticipation notes, due July 25, 2008, bear interest at 4.25%. In July 2008, these (BANS) were refinanced through the issuance of \$18,875,000 of general obligation bond anticipation notes which will be due July 24, 2009.

Bond anticipation note transactions for the year ended June 30, 2008 were as follows:

Outstanding, July 1, 2007, as restated (See Note 15)	\$ 8,235,000
Borrowings	4,733,069
Repayments	(668,069)
Outstanding, June 30, 2008	<u>\$ 12,300,000</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Note 9. Long-Term Obligations

A summary of changes in outstanding long-term debt during the year ended June 30, 2008 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 104,320,000	\$ -	\$ 8,745,000	\$ 95,575,000	\$ 8,715,000
Deferred charges	(1,373,297)	-	(98,093)	(1,275,204)	(98,093)
Total bonds payable	102,946,703	-	8,646,907	94,299,796	8,616,907
Capital leases	1,061,139	195,628	418,515	838,252	318,412
Landfill post-closure care	280,236	-	43,838	236,398	43,838
Compensated absences	7,061,468	3,777,540	3,479,308	7,359,700	3,500,000
Net pension obligation	103,310,264	19,037,597	12,000,000	110,347,861	-
Heart and hypertension	2,036,887	2,530,612	521,580	4,045,919	792,092
Claims and judgments	4,500,000	-	-	4,500,000	-
OPEB obligations	-	32,365,361	5,718,502	26,646,859	-
Governmental activity long-term liabilities	\$ 221,196,697	\$ 57,906,738	\$ 30,828,650	\$ 248,274,785	\$ 13,271,249

General obligation bonds

As of June 30, 2008, the outstanding general obligation bonded indebtedness of the Town was as follows:

	Outstanding Amount
School bonds with interest rates ranging from 2.10% to 6.0% and varying expiration dates ranging from March 2006 to July 2026.	\$ 58,802,031
General bonds with interest rates ranging from 2.70% to 6.0% and varying expiration dates ranging from March 2006 to July 2026.	36,772,969
Total general obligation bonds	\$ 95,575,000

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

The annual debt service requirements of general obligation bonds are as follows:

	Principal	Interest	Total
2009	\$ 8,715,000	\$ 3,866,057	\$ 12,581,057
2010	8,800,000	3,504,785	12,304,785
2011	8,695,000	3,139,884	11,834,884
2012	8,320,000	2,777,771	11,097,771
2013	8,335,000	2,419,115	10,754,115
2014	7,195,000	2,068,128	9,263,128
2015	7,205,000	1,729,477	8,934,477
2016	6,855,000	1,417,371	8,272,371
2017	5,035,000	1,176,780	6,211,780
2018	4,965,000	980,314	5,945,314
2019	3,695,000	806,811	4,501,811
2020	3,535,000	661,022	4,196,022
2021	3,280,000	522,838	3,802,838
2022	2,655,000	401,947	3,056,947
2023	2,660,000	292,372	2,952,372
2024	1,715,000	201,109	1,916,109
2025	1,715,000	129,153	1,844,153
2026	1,715,000	57,197	1,772,197
2027	485,000	10,609	495,609
	<u>\$ 95,575,000</u>	<u>\$ 26,162,740</u>	<u>\$ 121,737,740</u>

Prior Years' Debt Defeasance

In prior years, the Town has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Town's government-wide financial statements. As of June 30, 2008, the amount of defeased debt outstanding, but removed from the government-wide statements, amounted to approximately \$16,500,000.

Bonds authorized but unissued

Total authorized but unissued debt at June 30, 2008 is as follows:

General purpose	\$ 7,096,400
Schools	3,132,416
	<u>\$ 10,228,816</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
 June 30, 2008

Legal debt limit

The Town's indebtedness (including authorized but not unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Indebtedness	Balance
General purpose	\$ 281,658,016	\$ 40,352,369	\$ 241,305,647
Unfunded Pension Benefit Obligation	375,544,022	-	375,544,022
Schools	563,316,033	61,934,447	501,381,586
Sewers	469,430,027	3,517,000	465,913,027
Urban renewal	403,839,357	-	403,839,357

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$876,269,384.

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of such reimbursement for the year ended June 30, 2008 was approximately \$2,222,000. Additional payments for principal and interest aggregating approximately \$16,003,000 are to be received through the bonds' maturity dates.

Capital lease obligations

The Town has various capital leases in which they acquire capital assets. Interest rates on these leases range from 3.0% to 6.0%. The capital leases are for various computer equipment and vehicles. The leases are payable in monthly installments through 2010. Original cost of capital assets under such lease agreements are approximately \$1,813,000 with accumulated depreciation of \$734,000.

Future minimum lease payments under the capital leases as of June 30, 2008 are as follows:

Year Ending June 30,	
2009	\$ 351,707
2010	306,460
2011	237,311
Total minimum lease payments	895,478
Less amount representing interest	(57,226)
	<u>\$ 838,252</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Accrued liabilities, primarily compensated absences

In accordance with GASB No. 16, Accounting for Compensated Absences, the Town accrues compensated absences as they are earned by employees if the leave is attributable to past service and it is probable that the employer will compensate the employee by cash payments at termination or retirement. The amount of this estimated obligation at June 30, 2008 is recorded in the government-wide statements since the benefits are to be funded from future financial resources and will be paid from the General Fund.

Note 10. Employee Retirement Systems

Town Plan

The Town of Hamden is the administrator of a single employer public employee retirement system (PERS) established and administered to provide pension benefits for its employees. The Retirement Plan provides retirement, disability, and death benefits through a single employer, contributory defined benefit plan to plan members and beneficiaries.

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.

Employees hired into the Guardian services (members of the police and fire departments) after July 1, 2006 will participate in the Connecticut Municipal Retirement System (CMERS) and are not eligible to participate in the Plan.

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

Guardian employees receive normal pension benefits equal to 2.5% of average annual compensation per year of credit 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

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, 2007. As of June 30, 2007, 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 6% 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 Town's annual pension cost and net pension obligation to the Retirement Plan for the current year were as follows:

<u>Net Pension Obligation</u>	
Annual required contribution	\$ 16,754,259
Interest on net pension obligation	8,264,821
Adjustment to annual required contribution	<u>(5,981,483)</u>
Annual pension cost	19,037,597
Contributions made	<u>12,000,000</u>
Increase in net pension obligation	7,037,597
Net pension obligation, beginning of year	<u>103,310,264</u>
Net pension obligation, end of year	<u>\$ 110,347,861</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Membership in the Plan consisted of the following at July 1, 2006, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	657
Terminated plan members entitled to, but not yet receiving benefits	19
Active plan members	<u>628</u>
Total	<u>1,304</u>

Three Year Trend Information:

Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
6/30/06	\$ 15,984,452	\$ 6,000,000	37.5	\$ 94,172,704
6/30/07	\$ 18,137,560	\$ 9,000,000	49.6	\$ 103,310,264
6/30/08	\$ 19,037,597	\$ 12,000,000	63.0	\$ 110,347,861

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2008	\$ 16,754,259	71.6
2007	15,956,437	56.4
2006	13,951,743	43.0
2005	13,287,374	22.6
2004	10,660,385	9.4
2003	10,152,797	8.9

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over) Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2002	\$ 93,085,769	\$ 210,215,350	\$ 117,129,521	44.28	\$ 25,812,990	453.80
July 1, 2003	N/A	N/A	N/A	N/A	N/A	N/A
July 1, 2004	83,785,549	239,835,010	156,049,461	34.93	30,840,944	505.98
July 1, 2005	N/A	N/A	N/A	N/A	N/A	N/A
July 1, 2006	82,718,403	278,847,512	196,139,109	29.68	30,598,423	641.01

Significant actuarial assumptions are as follows:

Valuation date	July 1, 2006
Actuarial cost method	Entry Age Normal Method
Amortization method	Level percent of salary based upon 4% increases
Remaining amortization period	29 years as of 7/1/2007
Asset valuation method	Market value
Investment rate of return	8.0% per annum
Projected salary increases	5.0% per annum

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The financial statements of the plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to, contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$27,811,000 for the year ended June 30, 2008. (See Note 14 for further discussion.)

Post retirement benefits

The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made June 30, 2008. The post-retirement plan does not issue stand-alone financial reports.

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2008, the Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Projected Unit Credit Method. For fiscal year 2008, the Town contributions were \$5,718,502 on a pay as you go basis.

Membership in the plan consisted of the following at June 30, 2008, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	\$ 1,154
Active plan members	939
Total	<u>\$ 2,093</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/08	\$ 32,365,361	\$ 5,718,502	30.9%	\$ 26,646,859

OPEB Obligation

Annual required contribution	\$ 32,365,361
Interest on net pension obligation	-
Annual OPEB cost	32,365,361
Contributions made	5,718,502
Increase in net OPEB liability	26,646,859
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$ 26,646,859

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of June 30, 2008 is estimated to be \$366,234,442.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	(000's)		Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
			Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)		
6/30/08	\$ -	\$ 366,234,442	\$ 366,234,442	0%	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	June 30, 2008
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Payments
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Investment rate of return	4.00%
Inflation rate	N/A
Salary Increases	N/A
Medical trend rate	10% graded to 5% at a rate of .75% per year over 8 years
Prescription drug trend rate	11% graded to 5% at a rate of .75% per year over 9 years
Dental cost trend rate	5%
Vision cost trend rate	3%

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Note 11. Fund Deficits

The following funds had fund deficits as of June 30, 2008:

Capital Project Fund	\$ (9,483,793)
Capital Projects Funds:	
Wintergreen Interdistrict Magnet School	(504,870)
Construction of Spring Glen School	(735,591)
Hamden Middle School	(2,461,824)
Bear Path School Renovations	(1,105,561)
Special Revenue Funds:	
Culture and Recreation	(1,484)
Public Works	(22,712)
Community Development	(59,595)
Internal Service Funds:	
Medical Insurance Fund	(2,074,619)
Workers' Compensation Fund	(1,758,985)

The fund deficit is expected to be repaid with future revenues and future bond proceeds.

Note 12. Contingencies and Commitments

Lawsuits

There are several personal injury and negligence lawsuits pending against the Town. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not have a material adverse effect on the financial position of the Town.

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

properties have changed since the dumping began, it is now the responsibility of the Town of Hamden, the Water Authority, the State Department of Environmental Protection (DEP) 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 and the portion of the Hamden Community Center (former Newhall Street School) not owned by the Regional Water Authority.

The Town has recorded a long-term liability of \$4.5 million dollars to recognize the costs of the consent order. DEP released its final remediation standards plan in October 2007 and anticipates finalizing engineering plans in 2009.

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 \$236,398, 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, 2008. 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.

Municipal Solid Waste Service Agreement

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 general 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 800 tons per year and to pay a uniform per ton disposal service payment. The current fee is \$59 per ton. The aggregate minimum commitment of the Contracting Municipalities is 3,300 tons per year. If the municipality delivers less than its minimum commitment such rates shall be applied to its minimum commitment amount. The Town met its minimum commitment for the year ended June 30, 2008.

The Authority is required to accept and dispose of solid waste in accordance with the Service Contract and with acceptable business practices. The Town is responsible for the collection, disposal, and treatment of solid waste which does not meet the requirements of, or which the Authority refuses or is unable to accept under the terms of, the Service Contract.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

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

Note 13. Risk Management

The Town and the Board of Education are exposed to various risks of loss related to public official liability, employee health and medical, police professional liability, theft or impairment of assets, errors or omissions, injury to employees, natural disasters, and owners and contractors protective liability.

The Town and the Board of Education purchase commercial insurance for all risks of loss other than employee medical and heart and hypertension. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of Connecticut General Statutes, for workers' compensation, general liability and property insurance. CIRMA currently has 233 members in the workers' compensation pool. The Town pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws. The Town is subject to a \$300,000 per claim deductible for workers' compensation claims.

The self-insurance programs for medical insurance are being administered by a third-party administrator ("the administrator") and are reported as an internal service fund. Medical insurance premiums are based upon estimates by number of employees and type of coverage (single or family), trends in the insurance claims and estimates for administration. The claims liability reported is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The Town maintains stop loss coverage of \$175,000 for individual medical claims.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Claims payable are estimated based on claims paid for the year. Claim transactions for the last two years are as follows:

Fiscal Year Ended	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
6/30/07	\$ 1,794,442	\$ 23,564,086	\$ 23,950,302	\$ 1,408,226
6/30/08	\$ 1,408,226	\$ 27,193,034	\$ 24,388,488	\$ 4,212,772

Note 14. Extraordinary Item

The State of Connecticut issued approximately \$2.3 billion in taxable general obligation bonds to be used for deposit into the State of Connecticut Teachers' Retirement Fund. As contributions to the fund represent on-behalf payment to the Town, an amount of \$22,290,000 has been recorded an extraordinary item in the Town's financial statements.

Note 15. Restatement

The June 30, 2007 financial statements were restated due to an error in not recognizing the liability for a bond anticipation note and a capital outlay expenditure at the governmental fund level and not recognizing the bond anticipation note at the government-wide level of reporting.

As a result, for the fiscal year beginning July 1, 2007, the following restatements were made to beginning net assets for governmental activities:

Government-wide financial statements. Beginning net assets for governmental activities was restated as follows:

Governmental activities net assets as of June 30, 2007, as previously reported	\$ 44,459,662
Deduct: Bond anticipation note	<u>(6,500,000)</u>
Governmental activities net assets, restated, as of July 1, 2007	<u>\$ 37,959,662</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

Governmental fund statements. Beginning fund balance for the governmental funds were restated as follows:

	Capital Projects Fund
Fund balance as of June 30, 2007	\$ 447,022
Deduct: Capital outlay expenditures	<u>(6,500,000)</u>
Fund balance (deficit), restated, as of July 1, 2007	<u>\$ (6,052,978)</u>

The excess of the expenditures over revenues for the year ended June 30, 2007, assuming the above amounts had been properly recorded, would have been \$6,505,496.

Note 16. Subsequent Events

Subsequent to year-end, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the Town's pension plan investments have likely incurred a significant decline in fair value since June 30, 2008.

Note 17. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2008 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- ♦ GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," issued June, 2007. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, "Basic Financial Statements - and Management's Discussion and analysis - for State and Local Governments." This reference has created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes. An absence of sufficiently specific authoritative guidance that addresses these questions has resulted in inconsistencies in the accounting and financial reporting of intangible

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2008

assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

- ◆ GASB Statement No. 52, "Land and Other Real Estate Held as Investment by Endowments". This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.
- ◆ GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments". This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2008.

**Supplemental and Combining Nonmajor
Fund Statements and Schedules**



General Fund



TOWN OF HAMDEN, CONNECTICUT

GENERAL FUND REVENUES - BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
PROPERTY TAXES				
Current Taxes	\$ 121,776,834	\$ 121,776,834	\$ 122,227,094	\$ 450,260
Delinquent Taxes	1,200,000	1,200,000	886,541	(313,459)
Supplemental Taxes	958,300	958,300	1,056,566	98,266
Property tax interest	750,000	750,000	671,420	(78,580)
Property tax liens	8,000	8,000	14,378	6,378
Suspense collections	70,000	70,000	68,176	(1,824)
New construction	160,000	160,000	62,427	(97,573)
Total property taxes	124,923,134	124,923,134	124,986,602	63,468
INTERGOVERNMENTAL				
PILOT - State owned property	648,537	648,537	590,617	(57,920)
Elderly exemption freeze	25,640	25,640	29,640	4,000
Elderly exemption - circuit breaker	456,820	456,820	415,714	(41,106)
Disability exemption	6,040	6,040	7,270	1,230
PILOT - colleges and hospitals	2,017,903	2,017,903	1,897,012	(120,891)
Boat grant	-	-	9,094	9,094
Telecommunication access	250,000	250,000	274,545	24,545
PILOT - veterans exemption	113,810	113,810	110,174	(3,636)
Distressed municipalities	15,615	15,615	27,898	12,283
PILOT - machinery and equipment	217,970	217,970	227,333	9,363
Mashantucket Pequot fund	1,602,860	1,602,860	1,455,064	(147,796)
Adult education	183,348	183,348	183,729	381
Magnet schools	35,000	35,000	68,900	33,900
School construction	2,221,718	2,221,718	2,221,718	-
Public school transportation	913,482	913,482	856,501	(56,981)
State bond interest subsidies	602,632	602,632	602,632	-
Nonpublic school transportation	182,417	182,417	167,034	(15,383)
Nonpublic school health	175,000	175,000	168,167	(6,833)
Education cost sharing grant	22,457,282	22,457,282	22,102,649	(354,633)
PILOT - Greater New Haven WPCA	73,300	73,300	73,300	-
PILOT - Water Authority	650,065	650,065	630,563	(19,502)
Miscellaneous grants	5,000	5,000	302	(4,698)
Special Education	1,600,000	1,988,285	1,988,285	-
Total intergovernmental	34,454,439	34,842,724	34,108,141	(734,583)
INVESTMENT EARNINGS	1,850,000	1,850,000	1,179,351	(670,649)
CHARGES FOR SERVICES				
Other rents	30,000	30,000	34,884	4,884
Police extra duty	2,000,000	2,000,000	1,915,842	(84,158)
Assessor fees	2,153,000	2,153,000	373,946	(1,779,054)
Elderly services charges	6,000	6,000	5,659	(341)

TOWN OF HAMDEN, CONNECTICUT

GENERAL FUND REVENUES - BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
CHARGES FOR SERVICES				
Youth services charges	1,500	1,500	3,580	2,080
Public works charges	115,000	115,000	78,199	(36,801)
Library charges	40,000	40,000	30,135	(9,865)
Parks and recreations	859,400	859,400	828,339	(31,061)
Dog warden	2,000	2,000	2,415	415
Planning and zoning	144,500	144,500	98,364	(46,136)
Total charges for services	5,351,400	5,351,400	3,371,363	(1,980,037)
LICENSES, PERMITS AND FEES				
Town clerk	2,187,000	2,187,000	1,654,757	(532,243)
Police department	179,700	179,700	69,696	(110,004)
Fire department	125,000	125,000	81,382	(43,618)
Building	2,350,000	2,350,000	2,910,952	560,952
Engineering	27,775	27,775	29,392	1,617
Personnel	160	160	2,200	2,040
Total licenses, permits and fees	4,869,635	4,869,635	4,748,379	(121,256)
MISCELLANEOUS REVENUES				
Emergency management	14,250	14,250	23,028	8,778
Prior year surplus	-	432,794	-	(432,794)
Finance department	1,460,000	1,460,000	1,945,156	485,156
BOE medical	175,000	175,000	63,419	(111,581)
Workers' Comp. R.	35,000	35,000	46,258	11,258
WC Retro P.	75,000	75,000	-	(75,000)
Alice Peck	100,000	100,000	43,375	(56,625)
BOE BESB	44,600	44,600	37,411	(7,189)
Total miscellaneous revenues	1,903,850	2,336,644	2,158,647	(177,997)
Total revenues	173,352,458	174,173,537	170,552,483	(3,621,054)
OTHER FINANCING SOURCES				
Transfers in	-	-	677,747	677,747
Total revenues and other financing sources	\$ 173,352,458	\$ 174,173,537	\$ 171,230,230	\$ (2,943,307)

TOWN OF HAMDEN, CONNECTICUT

GENERAL FUND EXPENDITURES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Legislative council	\$ 2,495,176	\$ 716,563	\$ 619,585	\$ 96,978
Mayor	603,882	601,716	581,852	19,864
Elections and registrar	141,518	153,246	142,622	10,624
Finance	3,995,324	3,962,090	3,926,030	36,060
Tax Assessor	339,606	340,306	337,986	2,320
Review of assessments	5,400	5,400	3,600	1,800
Tax collector	487,091	487,991	469,758	18,233
Town attorney	453,923	352,143	342,427	9,716
Town clerk	472,141	477,701	447,081	30,620
Planning and zoning	455,402	455,402	418,736	36,666
Personnel	239,203	250,053	235,468	14,585
Economic development	133,928	133,928	124,949	8,979
Purchasing	754,130	754,130	676,344	77,786
Probate court	14,000	14,000	3,214	10,786
Board of ethics	1,000	1,000	420	580
Total general government	10,591,724	8,705,669	8,330,072	375,597
PUBLIC SAFETY				
Animal control	108,102	118,102	113,251	4,851
Police department	10,536,844	10,537,654	10,532,576	5,078
Fire department	9,936,619	10,131,541	9,774,095	357,446
Civil defense and preparedness	11,800	11,800	7,506	4,294
Total public safety	20,593,365	20,799,097	20,427,428	371,669
PUBLIC WORKS				
Building administration	324,244	327,464	326,522	942
Public works department	9,154,682	10,303,423	10,242,559	60,864
Engineering	744,686	754,186	733,913	20,273
Total public works	10,223,612	11,385,073	11,302,994	82,079
HEALTH AND WELFARE				
Elderly services	418,675	418,675	394,753	23,922
Community services	248,178	281,678	272,107	9,571
Youth services	200,314	200,449	196,801	3,648
Mental health	160,680	193,350	193,350	-
Quinnipiac Valley health	300,500	300,500	300,500	-
Visiting nurses association	64,000	64,000	64,000	-
Total health and welfare	1,392,347	1,458,652	1,421,511	37,141
BOARD OF EDUCATION				
	74,131,163	74,952,242	74,794,355	157,887

(Continued)

TOWN OF HAMDEN, CONNECTICUT

GENERAL FUND EXPENDITURES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
EMPLOYEE BENEFITS				
Medical insurance	24,025,000	24,025,000	21,820,408	2,204,592
Pension	12,000,000	12,000,000	12,000,000	-
Fringes	3,048,000	3,431,576	3,275,683	155,893
Total employee benefits	39,073,000	39,456,576	37,096,091	2,360,485
DEBT SERVICE				
Principal retirements	8,745,000	8,745,000	8,745,000	-
Interest	4,846,417	4,846,417	4,746,417	100,000
Total debt service	13,591,417	13,591,417	13,491,417	100,000
Total general government	169,596,628	170,348,726	166,863,868	3,484,858
CULTURE AND RECREATION				
Library	1,687,607	1,695,207	1,594,214	100,993
Parks and recreation	1,948,538	2,009,919	1,859,821	150,098
Arts programs	119,685	119,685	119,660	25
Total culture and recreation	3,755,830	3,824,811	3,573,695	251,116
Total	\$ 173,352,458	\$ 174,173,537	\$ 170,437,563	\$ 3,735,974

Nonmajor Governmental Funds



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TOWN OF HAMDEN, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2008

	Special Revenue			
	Human Services	Culture and Recreation	Public Safety	Public Works
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 9,762	\$ -
Receivables:				
Intergovernmental receivables	-	-	-	-
Other	4,829	-	-	-
Due from other funds	154,368	1,487	107,690	-
Total assets	\$ 159,197	\$ 1,487	\$ 117,452	\$ -
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	\$ 4,132	\$ -	\$ 12,972	\$ 3,915
Unearned revenues	-	-	9,762	-
Due to other funds	-	2,971	-	18,797
Total liabilities	4,132	2,971	22,734	22,712
FUND BALANCES (DEFICITS)				
Reserved for encumbrances	1,254	-	-	-
Reserved for endowments	-	-	-	-
Unreserved and undesignated	153,811	(1,484)	94,718	(22,712)
Total fund balances (deficits)	155,065	(1,484)	94,718	(22,712)
Total liabilities and fund balances (deficits)	\$ 159,197	\$ 1,487	\$ 117,452	\$ -

Special Revenue				Capital Projects				
Community Development	Town Revitalization Projects	Board of Education	General Government	Farmington Canal	Hamden Middle School Fund	Brooksvale Park Renovation and Acquisition Grant	Wintergreen Interdistrict Magnet School	Construction of Spring Glen School
\$ 51,414	\$ 773,138	\$ 1,299,732	\$ -	\$ -	\$ -	\$ -	\$ 11,984	\$ -
-	-	384,523	-	-	-	-	612,704	-
-	-	21,207	-	-	-	-	-	-
-	73,311	-	119,441	880,354	-	112,162	-	-
<u>\$ 51,414</u>	<u>\$ 846,449</u>	<u>\$ 1,705,462</u>	<u>\$ 119,441</u>	<u>\$ 880,354</u>	<u>\$ -</u>	<u>\$ 112,162</u>	<u>\$ 624,688</u>	<u>\$ -</u>
\$ 84,098	\$ 41,236	\$ 1,184,092	\$ 4,007	\$ 392,370	\$ -	\$ -	\$ -	\$ 2,363
-	-	238,326	-	-	-	-	-	-
26,911	-	209,985	-	-	2,461,824	-	1,129,558	733,228
<u>111,009</u>	<u>41,236</u>	<u>1,632,403</u>	<u>4,007</u>	<u>392,370</u>	<u>2,461,824</u>	<u>-</u>	<u>1,129,558</u>	<u>735,591</u>
63,624	8,403	21,207	19,255	2,659,328	35,069	-	-	-
-	-	-	-	-	-	-	-	-
<u>(123,219)</u>	<u>796,810</u>	<u>51,852</u>	<u>96,179</u>	<u>(2,171,344)</u>	<u>(2,496,893)</u>	<u>112,162</u>	<u>(504,870)</u>	<u>(735,591)</u>
<u>(59,595)</u>	<u>805,213</u>	<u>73,059</u>	<u>115,434</u>	<u>487,984</u>	<u>(2,461,824)</u>	<u>112,162</u>	<u>(504,870)</u>	<u>(735,591)</u>
<u>\$ 51,414</u>	<u>\$ 846,449</u>	<u>\$ 1,705,462</u>	<u>\$ 119,441</u>	<u>\$ 880,354</u>	<u>\$ -</u>	<u>\$ 112,162</u>	<u>\$ 624,688</u>	<u>\$ -</u>

TOWN OF HAMDEN, CONNECTICUT

COMBINING BALANCE SHEET, Continued
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2008

	Capital Projects		Permanent Fund	Totals
	Bear Path School Renovations	Other Capital Projects	Permanent Fund	
ASSETS				
Cash and cash equivalents	\$ 211,846	\$ 3,894	\$ 13,411	\$ 2,375,181
Receivables:				
Intergovernmental receivables	-	-	-	997,227
Other	-	-	-	26,036
Due from other funds	-	769,295	-	2,218,108
Total assets	<u>\$ 211,846</u>	<u>\$ 773,189</u>	<u>\$ 13,411</u>	<u>\$ 5,616,552</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	\$ -	\$ 170,456	\$ -	\$ 1,899,641
Unearned revenues	-	-	-	248,088
Due to other funds	1,317,407	-	1,381	5,902,062
Total liabilities	<u>1,317,407</u>	<u>170,456</u>	<u>1,381</u>	<u>8,049,791</u>
FUND BALANCES (DEFICITS)				
Reserved for encumbrances	103,186	440,699	-	3,352,025
Reserved for endowments	-	-	12,030	12,030
Unreserved and undesignated	(1,208,747)	162,034	-	(5,797,294)
Total fund balances (deficits)	<u>(1,105,561)</u>	<u>602,733</u>	<u>12,030</u>	<u>(2,433,239)</u>
Total liabilities and fund balances (deficits)	<u>\$ 211,846</u>	<u>\$ 773,189</u>	<u>\$ 13,411</u>	<u>\$ 5,616,552</u>

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TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES (DEFICITS)

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2008

	Special Revenue Funds			
	Human Services	Culture and Recreation	Public Safety	Public Works
REVENUES				
Intergovernmental	\$ 224,014	\$ -	\$ 144,455	\$ 115,607
Investment earnings	-	-	-	-
Charges for services	187,422	-	-	-
Other	225	-	121,785	39,219
Total revenues	411,661	-	266,240	154,826
EXPENDITURES				
Education	-	-	-	-
General government	-	-	-	-
Public safety	-	-	413,571	-
Public works	-	-	-	165,987
Health and welfare	425,359	-	-	-
Culture and recreation	-	1,879	-	-
Employee benefits	-	-	-	-
Capital outlay	-	-	2,920	-
Community Development	-	-	-	-
Total expenditures	425,359	1,879	416,491	165,987
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Change in fund balances (deficits)	(13,698)	(1,879)	(150,251)	(11,161)
FUND BALANCES (DEFICITS), beginning of year	168,763	395	244,969	(11,551)
FUND BALANCES (DEFICITS), end of year	\$ 155,065	\$ (1,484)	\$ 94,718	\$ (22,712)

Special Revenue Funds				Capital Projects				
Community Development	Town Revitalization Projects	Board of Education	General Government	Farmington Canal	Hamden Middle School Fund	Brooksvale Park Renovation & Acquisition Grant	Wintergreen Interdistrict Magnet School	Construction of Spring Glen School
\$ -	\$ 65,111	\$ 2,694,175	\$ -	\$ 272,699	\$ -	\$ 12,273	\$ -	\$ -
-	24,918	-	-	-	-	-	-	-
612,266	57,743	-	132,049	-	-	-	-	-
-	-	-	-	-	-	-	-	-
612,266	147,772	2,694,175	132,049	272,699	-	12,273	-	-
-	-	2,956,302	-	-	-	-	-	-
-	-	-	16,750	-	-	-	137,068	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	130,215	-	-	-	-	-
-	-	-	-	584,310	64,983	-	-	-
579,357	282,821	-	-	-	-	-	-	-
579,357	282,821	2,956,302	146,965	584,310	64,983	-	137,068	-
-	-	-	-	-	-	-	-	-
32,909	(135,049)	(262,127)	(14,916)	(311,611)	(64,983)	12,273	(137,068)	-
(92,504)	940,262	335,186	130,350	799,595	(2,396,841)	99,889	(367,802)	(735,591)
\$ (59,595)	\$ 805,213	\$ 73,059	\$ 115,434	\$ 487,984	\$ (2,461,824)	\$ 112,162	\$ (504,870)	\$ (735,591)

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES (DEFICITS), Continued
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Capital Projects		Permanent Fund	Totals
	Bear Path School Renovations	Other Capital Projects	Bequest Fund	
REVENUES				
Intergovernmental	\$ -	\$ 391,326	\$ -	\$ 3,919,660
Investment earnings	-	-	260	25,178
Charges for services	-	709,467	-	1,698,947
Other	-	-	-	161,229
Total revenues	-	1,100,793	260	5,805,014
EXPENDITURES				
Education	-	-	-	2,956,302
General government	-	22,163	-	175,981
Public safety	-	-	-	413,571
Public works	-	-	-	165,987
Health and welfare	-	-	-	425,359
Culture and recreation	-	-	-	1,879
Employee benefits	-	-	-	130,215
Capital outlay	-	1,018,975	195	1,671,383
Community Development	-	-	-	862,178
Total expenditures	-	1,041,138	195	6,802,855
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(446,618)	-	(446,618)
Change in fund balances (deficits)	-	(386,963)	65	(1,444,459)
FUND BALANCES (DEFICITS), beginning of year	(1,105,561)	989,696	11,965	(988,780)
FUND BALANCES (DEFICITS), end of year	\$ (1,105,561)	\$ 602,733	\$ 12,030	\$ (2,433,239)

Internal Service Funds



TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS (DEFICITS)

INTERNAL SERVICE FUNDS

June 30, 2008

	Workers' Compensation Fund	Medical Insurance Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 649,933	\$ 884,993	\$ 1,534,926
Due from other funds	5,299	-	5,299
Total assets	655,232	884,993	1,540,225
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	841,972	-	841,972
Claims incurred but not reported	-	1,798,555	1,798,555
Due to other funds	-	1,161,057	1,161,057
Total current liabilities	841,972	2,959,612	3,801,584
Noncurrent liabilities:			
Claims payable	1,572,245	-	1,572,245
Total liabilities	2,414,217	2,959,612	5,373,829
NET ASSETS (DEFICITS)			
Unrestricted	\$ (1,758,985)	\$ (2,074,619)	\$ (3,833,604)

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET

ASSETS (DEFICITS) - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2008

	Workers' Compensation Fund	Medical Insurance Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 806,550	23,814,717	24,621,267
Total operating revenues	806,550	23,814,717	24,621,267
OPERATING EXPENSES			
Salaries, benefits and claims	2,825,065	24,367,969	27,193,034
Total operating expenses	2,825,065	24,367,969	27,193,034
Operating income (loss)	(2,018,515)	(553,252)	(2,571,767)
NONOPERATING REVENUES			
Investment Earnings	10,115	-	10,115
Total nonoperating revenues	10,115	-	10,115
Change in net assets	(2,008,400)	(553,252)	(2,561,652)
FUND NET ASSETS (DEFICITS), beginning	249,415	(1,521,367)	(1,271,952)
FUND NET ASSETS (DEFICITS), ending	\$ (1,758,985)	\$ (2,074,619)	\$ (3,833,604)

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2008

	Workers' Compensation Fund	Medical Insurance Fund	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 806,550	23,814,717	\$ 24,621,267
Payments for benefits	(814,552)	(23,869,517)	(24,684,069)
Net cash provided by (used in) operating activities	(8,002)	(54,800)	(62,802)
Cash Flows From Investing Activities			
Interest received on investments	10,115	-	10,115
Net cash provided by investing activities	10,115	-	10,115
Net increase (decrease) in cash and cash equivalents	2,113	(54,800)	(52,687)
CASH AND CASH EQUIVALENTS, beginning	647,820	939,793	1,587,613
CASH AND CASH EQUIVALENTS, ending	\$ 649,933	\$ 884,993	\$ 1,534,926
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating (loss)	\$ (2,018,515)	\$ (553,252)	\$ (2,571,767)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:			
Changes in assets and liabilities:			
Increase in accounts payable and accrued liabilities	2,010,513	-	2,010,513
Increase in claims incurred but not reported	-	678,254	678,254
Decrease in due to other funds	-	(179,802)	(179,802)
Net cash provided by (used in) operating activities	\$ (8,002)	\$ (54,800)	\$ (62,802)

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Fiduciary Funds



TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF PRIVATE PURPOSE TRUST FUNDS AND
AGENCY FUNDS

June 30, 2008

	Private Purpose Trust Funds			Total
	Library Gift Fund	Hamden Arts Commission	Other Private Purpose Trust Funds	
ASSETS				
Cash and cash equivalents	\$ 96,866	\$ 44,788	\$ 39,720	\$ 181,374
Due from other funds	3,800	-	78,571	82,371
Total assets	100,666	44,788	118,291	263,745
LIABILITIES				
Accounts payable and accrued expenses	-	-	12,225	12,225
Total liabilities	-	-	12,225	12,225
NET ASSETS HELD IN TRUST	\$ 100,666	\$ 44,788	\$ 106,066	\$ 251,520

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2008

	Private Purpose Trust Funds			Total
	Library Gift Fund	Hamden Arts Commission	Other Private Purpose Trust Funds	
Additions:				
Other revenue	\$ 117,575	\$ 104,882	\$ 195,509	\$ 417,966
Total additions	117,575	104,882	195,509	417,966
Investment Income:				
Interest and dividends	707	37	270	1,014
Net investment income	707	37	270	1,014
Total additions	118,282	104,919	195,779	418,980
Deductions:				
Other deductions	108,843	100,177	202,060	411,080
Net change in net assets	9,439	4,742	(6,281)	7,900
Net Assets Held in Trust, beginning of year	91,227	40,046	112,347	243,620
Net Assets Held in Trust, end of year	\$ 100,666	\$ 44,788	\$ 106,066	\$ 251,520

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
 For the Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
SCHOOL ACTIVITY FUND				
Assets:				
Cash and cash equivalents	\$ 143,823	\$ 585,399	\$ 617,748	\$ 111,474
Liability:				
Due to student groups	\$ 143,823	\$ 585,399	\$ 617,748	\$ 111,474
ADULT ACTIVITY				
Assets:				
Cash and cash equivalents	\$ 86,694	\$ 208,345	\$ 268,053	\$ 26,986
Liability:				
Due to adult groups	\$ 86,694	\$ 208,345	\$ 268,053	\$ 26,986
PERFORMANCE BONDS				
Assets:				
Cash and cash equivalents	\$ 1,376,025	\$ 398,612	\$ 884,201	\$ 890,436
Due from other funds	79,025	-	-	79,025
	\$ 1,455,050	\$ 398,612	\$ 884,201	\$ 969,461
Liability:				
Due to contractors	\$ 1,455,050	\$ 398,612	\$ 884,201	\$ 969,461
TOTAL AGENCY FUND				
Total Assets	\$ 1,685,567	\$ 1,192,356	\$ 1,770,002	\$ 1,107,921
Total Liabilities	\$ 1,685,567	\$ 1,192,356	\$ 1,770,002	\$ 1,107,921

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Other Schedules



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TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

For the Year Ended June 30, 2008

Grand List Year	Balance Uncollected July 1, 2007	Current Levy	Lawful Corrections		Transfers to Suspend	Balance to be Collected
			Additions	Deletions		
1992	\$ 30,487	\$ -	\$ -	\$ 30,487	\$ -	\$ -
1993	36,816	-	-	-	-	36,816
1994	47,331	-	-	-	-	47,331
1995	62,616	-	-	-	-	62,616
1996	64,048	-	403	-	-	64,451
1997	30,054	-	355	-	-	30,409
1998	46,099	-	-	-	-	46,099
1999	56,329	-	167	-	-	56,496
2000	10,343	-	872	-	-	11,215
2001	(25,346)	-	301	-	-	(25,045)
2002	(35,929)	-	-	-	-	(35,929)
2003	(34,777)	-	726	-	-	(34,051)
2004	317,389	-	162,733	-	292,340	187,782
2005	986,696	-	121,010	-	-	1,107,706
2006	-	124,540,528	68,205	-	-	124,608,733
	<u>\$ 1,592,156</u>	<u>\$ 124,540,528</u>	<u>\$ 354,772</u>	<u>\$ 30,487</u>	<u>\$ 292,340</u>	<u>\$ 126,164,629</u>

Collections							Balance
Taxes	Interest	Lien Fees	Total	Overpayments	Uncollected June 30, 2008		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	22,375	59,191		
(9,376)	-	-	(9,376)	21,510	78,217		
-	-	-	-	26,220	88,836		
403	-	-	403	28,478	92,526		
355	-	-	355	61,546	91,600		
103	151	-	254	50,765	96,761		
63	-	-	63	33,472	89,905		
782	-	-	782	57,946	68,379		
(1,226)	239	-	(987)	81,933	58,114		
-	-	-	-	80,132	44,203		
3,984	1,037	24	5,045	89,110	51,075		
213,682	82,491	456	296,629	124,494	98,594		
894,419	173,197	6,560	1,074,176	226,980	440,267		
123,199,821	440,478	7,215	123,647,514	213,121	1,622,033		
\$ 124,303,010	\$ 697,593	\$ 14,255	\$ 125,014,858	\$ 1,118,082	\$ 2,979,701		

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