

TOWN OF HAMDEN, CONNECTICUT

FINANCIAL REPORT

June 30, 2011

TOWN OF HAMDEN, CONNECTICUT

FINANCIAL REPORT

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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, 2011, 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 96% of the current assets and 98% 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. The Financial Statements of the Pension Trust Fund were not audited in accordance with "Governmental Auditing Standards". 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 report 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, 2011, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Notes 14 and 15 to the basic financial statements, the Town adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed its method of accounting of governmental funds' fund balance classifications and restated the General Fund and Nonmajor Governmental Funds' beginning fund balances.

In accordance with "Government Auditing Standards," we have also issued our report dated December 28, 2011 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's discussion and analysis, budgetary comparison information and the pension plan and other postemployment benefit plan schedules of funding progress and schedules of employer contributions are not a required part of the basic financial statements but are 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 supplemental combining and 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 28, 2011

Town of Hamden, Connecticut Management's Discussion and Analysis June 30, 2011

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, 2011. 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, 2011, of (\$122,862,604). The increase in deficit from FY2010 concerns primarily liabilities associated with pension and other post-employment benefits.
- ◆ On a government-wide basis, during the year, the Town's net assets (deficit) decreased by \$37,635,254 from (\$85,227,350) to (\$122,862,604).
- ◆ At the close of the year, the Town of Hamden's combined governmental funds, on a current financial resources basis, had a fund balance of \$2,200,677, an increase of \$14,160,410 from the prior fiscal year fund deficit of \$11,959,733.
- ◆ At the end of the 2010/2011 fiscal year, the total fund balance for the General Fund alone was \$557,564, a decrease of \$255,740 from the prior fiscal year. The total General Fund fund balance at year-end represents .3% of the total General Fund expenditures of \$184,639,339 for the fiscal year ending June 30, 2011.
- ◆ The Town of Hamden's total long-term bonded indebtedness increased by \$34,000,000 during the current fiscal year to \$128,295,000.

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. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 Memorial Town Hall 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 and expenditures on a budgetary basis can be found on page 53. This information is reported as required supplementary information.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 13–15 of this report.

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 16-18 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 19-20.

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 21–52 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Hamden's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees and the General Fund budgetary comparison. This information can be found on pages 55-56 of this report.

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 \$122,862,604 on June 30, 2011. The growth in the deficit from FY2010 to FY2011 concerns primarily liabilities associated with pension and other post-employment benefits.

Town of Hamden, Connecticut Statement of Net Assets (Deficit)

	June 30, 2011	June 30, 2010
Current and other assets	\$ 44,272,497	\$ 37,768,887
Capital assets	246,963,092	237,015,012
Total assets	291,235,589	274,783,899
Other liabilities	40,619,725	53,348,480
Long-term liabilities	373,478,468	306,662,769
Total liabilities	414,098,193	360,011,249
Net assets:		
Investment in capital assets - net of related debt	121,117,196	132,386,138
Restricted	1,753,144	-
Unrestricted (deficit)	(245,732,944)	(217,613,488)
Total net assets (deficit)	\$ (122,862,604)	\$ (85,227,350)

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
Statement of Activities

	Year Ended June 30, 2011	Year Ended June 30, 2010
Revenues:		
Program revenues:		
Charges for services	\$ 7,432,205	\$ 7,401,637
Operating grants and contributions	46,814,420	40,240,660
Capital grants and contributions	2,925,708	4,232,429
General revenues:		
Property taxes	133,347,771	126,204,843
Grants not restricted to specific purposes	4,280,439	4,214,109
Unrestricted investment earnings	146,992	181,966
Miscellaneous	547,951	807,070
Bond premiums	741,219	-
Total revenues	196,236,705	183,282,714
Expenses:		
General government	19,522,044	18,056,527
Education	142,380,758	140,941,152
Public safety	34,880,145	33,035,072
Public works	23,285,677	22,229,980
Health and welfare	1,918,176	1,814,256
Culture and recreation	5,468,072	6,450,264
Community development	2,274,246	2,770,973
Interest on long-term debt	4,142,841	4,068,619
Total expenses	233,871,959	229,366,843
Changes in net assets (deficit)	(37,635,254)	(46,084,129)
Net assets (deficit), beginning	(85,227,350)	(39,143,221)
Net assets (deficit), ending	\$ (122,862,604)	\$ (85,227,350)

Hamden's net assets decreased by \$37,635,254 during the fiscal year. This decrease is principally due to the change in other post-employment and pension benefits.

Governmental Activities

For governmental activities, approximately 68% of the revenues were derived from property taxes, followed by approximately 28% from intergovernmental revenues.

Major revenue factors included:

- ◆ Federal Stimulus Funding of approximately \$3.3 million.

For governmental activities, approximately 61% of the Town's expenses relate to education, 8% relate to general government, 10% relate to public work operations, 15% to public safety and the remaining 6% relate to interest expense, health and welfare, community development and culture and recreation.

Major expense factors include:

- ◆ Functional expenses generally increased due primarily to other post-employment benefits and pension benefits. The OPEB and net pension obligations increased in total by \$33,484,581 over the prior year amounts.

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, the fund balance of the general fund was \$557,564.

As stated earlier, the fund balances of the Town of Hamden's general fund decreased by \$255,740 during the current fiscal year. This decrease was due to lower than expected revenues from property taxes, building permits and other charges for services.

The Memorial Town Hall Fund had a fund deficit of \$5,072,239. This deficit will be eliminated when the Town replaces the short-term liability of Bond Anticipation Notes ("BAN") used to finance the project with long-term debt.

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 \$8,441,016, a decrease in deficit of \$6,452,161 over the prior year due to lower claims expense.

General Fund Budgetary Highlights

The Town's Legislative Council increased its appropriation for FY 2010/2011 by \$893,908, thereby increasing the original operating budget from \$177,409,786 to \$178,303,694.

During the year, actual revenues and other financing sources were \$177,362,643, which were lower than budgetary estimates by \$941,051.

Actual expenditures and transfers out on a budgetary basis totaled \$177,783,811, or \$519,883 less than budgeted.

Major contributors were:

- ◆ Revenues from property taxes, building permits and other charges for services were less than anticipated.

Capital Assets and Debt Administration

Capital Assets. The Town of Hamden's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$383 million on a gross basis and \$247 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, 2011	June 30, 2010
Governmental funds capital assets:		
Land	\$ 18,281,108	\$ 18,281,108
Land improvements	16,222,618	14,889,500
Buildings and improvements	152,691,304	155,907,051
Machinery and equipment	3,609,803	2,977,283
Infrastructure	29,988,878	33,641,421
Construction in progress	26,169,381	11,318,649
Total	\$ 246,963,092	\$ 237,015,012

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

Additional information on the Town of Hamden's capital assets can be found in Note 5 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Hamden had total bonds payable outstanding of \$128,295,000; 100% of this debt is backed by the full faith and credit of the Town government.

	June 30, 2011	June 30, 2010
Bonds payable	\$ 128,295,000	\$ 94,295,000
Bond anticipation notes	17,725,000	30,765,000
Total	\$ 146,020,000	\$ 125,060,000

During the year, the Town recognized \$34 million in bond proceeds from previous bond anticipation notes. Upon issuance of the municipal bond insurance policy at the time of delivery of the bonds by Assured Guaranty Municipal Corp., the bonds are expected to be rated "Aa3" (negative outlook) by Moody's Investor's Service and "AA+" (negative outlook) by Standard & Poor's.

Additional information on the Town's long-term debt can be found in Note 8.

Economic Factors and 2011/2012 Budgeting Information

The Town has not been immune from the effects of the national economic downturn. As of June 2011, the unemployment rate for the Hamden labor market area was 9.3%, compared with 8.5% for the prior June. Connecticut's overall unemployment rate stood at 9.1% in June 2011, compared with 8.9% the previous June.

FY 2010/2011

- The Town received approximately \$2.5 million in unbudgeted, one-time revenues in FY 2010/2011 from the Connecticut Resource Recovery Authority. It used these funds to pay for extraordinary costs incurred in early calendar year 2011 as a result of snow storms. In addition, the Town used the funds to make up a shortfall from budget in certain revenues, e.g., taxes, conveyance and document fees, building permits, and various grants from the state of Connecticut.
- As of October 2010, the Town underwent a revaluation which lowered its net Grand List by 6.66%.
- Features of the operating budget include reorganized departments, reduced workforce, and savings achieved in regional services (transportation for the elderly).
- The Town eliminated a deficit of \$8.6 million in its Medical Insurance Fund by restructuring its debt in May 2010, thereby lowering its debt service in FY 2010/2011 and applying the savings to the deficit.

FY 2011/2012

- Anticipated state aid to the Town is estimated at approximately \$33 million, slightly less than in FY 2010/2011.
- The Town's mill rate is 34.51, an increase from 31.16 in FY 2010/2011. In part, the increased mill rate is a function of the revaluation noted above, but anticipated revenues from property taxes exceed those in FY 2010/2011 by \$5.7 million.
- To avoid further lay-offs, the Town engaged in both coalition and independent concession dialogues with each of its labor unions. The result was payroll savings in the operating budget of approximate \$1 million, mostly attributable to the largest bargaining units, Police and Fire.

Over the next several years, the Town of Hamden will continue to face significant budgetary challenges, chiefly the following: 1) building its fund balance; 2) improving the funding of its pension plan; 3) contributing to Other Post-Employment Benefits ("OPEB") in accordance with Governmental Accounting Standards Board ("GASB") Statement #45.

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.

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Basic Financial Statements

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF NET ASSETS (DEFICIT)

June 30, 2011

	Primary Government <u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 28,292,398
Receivables, net of allowance for collection losses:	
Property taxes	4,111,497
Intergovernmental and other	2,711,078
Inventories and prepaids	21,207
Noncurrent assets:	
Long-term intergovernmental receivable, net	9,136,317
Capital assets not being depreciated	44,450,489
Capital assets being depreciated, net of accumulated depreciation	<u>202,512,603</u>
Total assets	<u>291,235,589</u>
Liabilities	
Accounts payable and accruals	18,588,959
Accrued interest payable	1,807,205
Due to fiduciary funds	257,474
Unearned revenue	2,241,087
Bond anticipation notes payable	17,725,000
Noncurrent liabilities:	
Due in less than one year	13,659,003
Due in more than one year	<u>359,819,465</u>
Total liabilities	<u>414,098,193</u>
Net Assets (Deficit)	
Investment in capital assets, net of related debt	121,117,196
Restricted	1,753,144
Unrestricted (deficit)	<u>(245,732,944)</u>
Total net assets (deficit)	<u>\$ (122,862,604)</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, 2011

<u>Functions/Programs</u>	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Assets
					Primary Government Total
Primary government:					
Governmental activities:					
Education	\$ (142,380,758)	\$ 2,394,393	\$ 38,634,515	\$ 1,698,705	\$ (99,653,145)
General government	(19,522,044)	1,899,933	7,541,301	-	(10,080,810)
Public safety	(34,880,145)	2,168,330	638,604	68,228	(32,004,983)
Public works	(23,285,677)	295,793	-	894,179	(22,095,705)
Health & welfare	(1,918,176)	199,884	-	264,596	(1,453,696)
Culture and recreation	(5,468,072)	473,872	-	-	(4,994,200)
Community development	(2,274,246)	-	-	-	(2,274,246)
Interest on long-term debt	(4,142,841)	-	-	-	(4,142,841)
Total primary government	\$ (233,871,959)	\$ 7,432,205	\$ 46,814,420	\$ 2,925,708	(176,699,626)
General revenues:					
					133,347,771
					4,280,439
					146,992
					547,951
					741,219
					<u>139,064,372</u>
					(37,635,254)
					(85,227,350)
					<u>\$ (122,862,604)</u>

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

TOWN OF HAMDEN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

	Major Funds			Total Governmental Funds
	General Fund	Memorial Town Hall Fund	Nonmajor Governmental Funds	
Assets				
Cash and cash equivalents	\$ 25,111,264	\$ -	\$ 2,587,136	\$ 27,698,400
Receivables (net of allowances for collection losses:				
Property taxes	4,111,497	-	-	4,111,497
Intergovernmental and other receivables	11,058,862	-	617,533	11,676,395
Inventories and prepaids	-	-	21,207	21,207
Due from other funds	2,524,970	11,981,100	9,571,208	24,077,278
Total assets	\$ 42,806,593	\$ 11,981,100	\$ 12,797,084	\$ 67,584,777
Liabilities				
Accounts payable and accruals	\$ 7,423,652	\$ 1,216,427	\$ 941,272	\$ 9,581,351
Unearned revenues	1,476,464	-	764,623	2,241,087
Deferred revenues	11,700,316	-	-	11,700,316
Due to other funds	21,648,597	-	2,487,749	24,136,346
Bond anticipation notes payable	-	15,836,912	1,888,088	17,725,000
Total liabilities	42,249,029	17,053,339	6,081,732	65,384,100
Fund Balances (Deficits)				
Nonspendable	-	-	21,207	21,207
Restricted	-	-	1,753,144	1,753,144
Committed	-	-	6,428,047	6,428,047
Unassigned	557,564	(5,072,239)	(1,487,046)	(6,001,721)
Total fund balances (deficits)	557,564	(5,072,239)	6,715,352	2,200,677
Total liabilities and fund balances (deficits)	\$ 42,806,593	\$ 11,981,100	\$ 12,797,084	

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

Capital assets, net of accumulated depreciation of \$136,460,691, 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.	246,963,092
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenues in the funds.	11,700,316
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.	(8,441,016)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(373,478,468)
Accrued interest payable	(1,807,205)
Net assets (deficit) of governmental activities	\$ (122,862,604)

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, 2011

	Major Funds			Total Governmental Funds
	General Fund	Memorial Town Hall Fund	Nonmajor Governmental Funds	
REVENUES				
Property taxes	\$ 133,437,247	\$ -	\$ -	\$ 133,437,247
Intergovernmental	37,977,470	-	10,470,555	48,448,025
State on-behalf payments	6,719,000	-	-	6,719,000
Permits, fees and other	1,731,085	-	-	1,731,085
Income from investments	146,992	-	-	146,992
Charges for services	3,113,930	-	2,471,718	5,585,648
Miscellaneous	310,744	-	237,207	547,951
Total revenues	183,436,468	-	13,179,480	196,615,948
EXPENDITURES				
Current:				
Education	78,356,902	-	8,756,374	87,113,276
State on-behalf payments	6,719,000	-	-	6,719,000
General government	8,415,453	-	93,816	8,509,269
Public safety	22,998,021	-	101,186	23,099,207
Public works	12,132,659	-	290,630	12,423,289
Health & welfare	1,397,367	-	433,162	1,830,529
Culture and recreation	2,645,461	-	7,122	2,652,583
Employee benefits	47,640,667	-	-	47,640,667
Community development	-	-	1,094,903	1,094,903
Debt service:				
Interest and other charges	4,142,841	-	-	4,142,841
Anticipated bonding cost	190,968	-	-	190,968
Capital outlay	-	14,757,664	7,022,561	21,780,225
Total expenditures	184,639,339	14,757,664	17,799,754	217,196,757
Revenues over (under) expenditures	(1,202,871)	(14,757,664)	(4,620,274)	(20,580,809)
OTHER FINANCING SOURCES (USES)				
Transfers in	205,912	-	-	205,912
Transfers out	-	-	(205,912)	(205,912)
Bond proceeds	-	19,273,000	14,727,000	34,000,000
Bond premium	741,219	-	-	741,219
Total other financing sources (uses)	947,131	19,273,000	14,521,088	34,741,219
Change in fund balances (deficits)	(255,740)	4,515,336	9,900,814	14,160,410
FUND BALANCES (DEFICITS), beginning, as reclassified (Note 14)	813,304	(9,587,575)	(3,185,462)	(11,959,733)
FUND BALANCES (DEFICITS), ending	\$ 557,564	\$ (5,072,239)	\$ 6,715,352	\$ 2,200,677

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, 2011**

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

Net change in fund balances (deficits) – total governmental funds	\$ 14,160,410
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.	9,948,080
Net change in previously recognized revenues in the statement of activities.	(1,120,462)
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.	(33,471,310)
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.	(33,604,133)
Internal Service Funds, the net revenue (expense) of internal service funds is reported with governmental activities.	<u>6,452,161</u>
Change in net assets (deficits) of governmental activities	<u><u>\$ (37,635,254)</u></u>

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, 2011

	Governmental Activities
	<u>Internal</u>
	<u>Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 593,998
Other receivables	171,000
Due from other funds	5,299
Total assets	<u>770,297</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable and accrued liabilities	831,846
Claims incurred but not reported	3,177,666
Due to other funds	203,705
Total current liabilities	<u>4,213,217</u>
Noncurrent liabilities:	
Claims payable	<u>4,998,096</u>
Total liabilities	<u>9,211,313</u>
NET ASSETS (DEFICIT)	
Net assets (deficit)	<u>(8,441,016)</u>
Total net assets	<u><u>\$ (8,441,016)</u></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, 2011

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 40,308,762
Total operating revenues	<u>40,308,762</u>
OPERATING EXPENSES	
Claims expense	33,856,633
Total operating expenses	<u>33,856,633</u>
Operating income	6,452,129
NONOPERATING REVENUES	
Interest income	32
Total nonoperating revenues	<u>32</u>
Change in net assets	6,452,161
FUND NET ASSETS (DEFICIT), beginning	<u>(14,893,177)</u>
FUND NET ASSETS (DEFICIT), ending	<u>\$ (8,441,016)</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, 2011

	Governmental Activities
	<u>Internal Service Funds</u>
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 40,308,762
Cash payments for claims and fees	(31,355,686)
Payments to General Fund	(8,969,785)
Net cash used in operating activities	<u>(16,709)</u>
 Cash Flows From Investing Activities	
Interest received on investments	<u>32</u>
 Net decrease in cash and cash equivalents	 (16,677)
 Cash and Cash Equivalents	
Beginning	<u>610,675</u>
Ending	<u><u>\$ 593,998</u></u>
 Reconciliation of Operating Income to Net Cash Used in Operating Activities	
Operating income	\$ 6,452,129
Adjustments to reconcile operating income to net cash used in operating activities:	
Changes in assets and liabilities:	
Decrease in other receivables	71,295
Decrease in accounts payable and accrued liabilities	(254,065)
Increase in claims incurred but not reported	2,143,896
Increase in due from other funds	(1)
Decrease in due to other funds	(8,429,963)
Net cash used in operating activities	<u><u>\$ (16,709)</u></u>

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, 2011

	Pension Trust Fund	Agency Funds	Private Purpose Trust Funds
ASSETS			
Cash and cash equivalents	\$ 5,695,966	\$ 675,933	\$ 165,900
Investments, at fair value	67,666,288	-	-
Other receivables	141,612	-	-
Prepaid expenses	14,617	-	-
Due from other funds	-	77,450	181,149
Total assets	73,518,483	753,383	347,049
LIABILITIES			
Due to others	-	753,383	-
Accounts payable and accruals	100,486	-	4,641
Due to other funds	-	-	1,125
Total liabilities	100,486	753,383	5,766
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER	\$ 73,417,997	\$ -	\$ 341,283

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, 2011

	Pension Trust Fund	Private Purpose Trust Fund Funds
Contributions:		
Town of Hamden	\$ 6,550,000	\$ -
Plan members	2,053,140	-
Total contributions	8,603,140	-
Investment Income		
Interest and dividends	2,235,544	1,207
Net appreciation in fair value of investments	11,510,715	-
Other income	-	445,230
	13,746,259	446,437
Less investment expenses:		
Investment management fees	(296,007)	-
Net investment income	13,450,252	446,437
Total additions	22,053,392	446,437
DEDUCTIONS		
Benefits and other deductions	19,762,293	338,177
Administrative	113,089	-
	19,875,382	338,177
Change in net assets	2,178,010	108,260
NET ASSETS		
Beginning of year	71,239,987	233,023
End of year	\$ 73,417,997	\$ 341,283

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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 benefit 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 *Memorial Town Hall Fund* accounts for the activities of the Memorial Town Hall construction.

The other governmental funds of the Town are considered nonmajor and are as follows:

The *Special Revenue Funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *Capital Project Funds* are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlay.

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Proprietary Funds:

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

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. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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.

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. The Town makes annual contributions based upon budgetary decisions using the actuarial valuation. The NOPEBO is recorded as a non-current liability in the government-wide financial statements.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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 external commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other external commitments for the expenditure of resources are recorded to assign that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as an assigned 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 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 \$164,000. 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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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:

Assets	Years
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.

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 column of the 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 reductions to long-term debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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.

Restricted Net Assets - This category represents the net assets of the Town, which are restricted by external parties (creditors, grantors, contributors or laws and regulations).

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

Fund Balance

In the government fund financial statements, the Town classified fund balances as follows:

- Nonspendable Fund Balance – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted Fund Balance - These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed Fund Balance – This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision-making authority (Town of Hamden Town Council).
- Assigned Fund Balance – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.
- Unassigned Fund Balance – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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	\$ 128,295,000
Deferred charges	(328,930)
Capital leases payable	394,866
Compensated absences	9,147,453
Landfill closure	196,000
Net pension obligation	142,078,524
Heart and hypertension	5,992,840
Net OPEB obligations	83,202,715
Claims and judgements	<u>4,500,000</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 373,478,468</u>

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	\$ 21,140,303
Depreciation expense	<u>(11,192,223)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 9,948,080</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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	\$ (24,972)
Issuance of bond anticipation notes	(34,000,000)
Principal repayments and defeasance:	
Capital lease payments	<u>553,662</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (33,471,310)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated absences	\$ (411,616)
Net change in accrued interest	(259,744)
Pension obligation	(14,877,292)
Landfill costs	(47,278)
Heart and hypertension	599,086
Other post-employment obligation	<u>(18,607,289)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (33,604,133)</u>

Note 3. 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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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.

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 outside party. As of June 30, 2011, approximately \$35,527,000 of the Town's bank balance of approximately \$36,782,000 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Cash and investments of the Town consist of the following at June 30, 2011:

Cash and Cash Equivalents

Deposits with financial institutions	\$	34,754,812
State of Connecticut Short-Term Investment Fund		75,385
Total cash and cash equivalents		<u>34,830,197</u>

Investments

Pension Trust Funds:		
U.S. Government Agency Securities	4,873,393	*
U.S. Government Securities	6,864,229	*
Corporate and Other Bonds	8,509,580	*
Common Stock	45,250,225	*
Mutual Funds	2,168,861	
Total investments	<u>67,666,288</u>	
Total cash and investments	<u>\$ 102,496,485</u>	

* These investments are uninsured and unregistered, with securities held by the counterparty in the Town's or Pension Plan's name.

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

Statement of Net Assets

Cash and cash equivalents	\$	<u>28,292,398</u>
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Fiduciary Funds:

Cash and cash equivalents	6,537,799
Investments	67,666,288
	<u>74,204,087</u>
Total cash, cash equivalents and investments	<u>\$ 102,496,485</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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	\$ 75,385	\$ 75,385	\$ -	\$ -	\$ -
U.S. Government Agency Securities	4,873,393	-	-	-	4,873,393
U.S. Government Securities	6,864,229	-	3,027,648	1,926,529	1,910,052
Corporate and Other Bonds	8,509,580	458,012	1,915,916	2,143,918	3,991,734
TOTAL	\$ 20,322,587	\$ 533,397	\$ 4,943,564	\$ 4,070,447	\$ 10,775,179

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	\$ 496,205	\$ 4,873,393	\$ 75,385
AA+	85,513	-	-
AA-	196,438	-	-
A+	246,202	-	-
A	847,691	-	-
A-	757,780	-	-
BBB+	948,763	-	-
BBB	777,617	-	-
BBB-	991,664	-	-
Unrated	3,161,707	-	-
	\$ 8,509,580	\$ 4,873,393	\$ 75,385

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Foreign currency risk: Exposure to foreign currency risk results from investments in foreign currency-denominated securities. The Board's investment policy regarding foreign currency risk places limits on the value of investments in individual foreign companies and provides benchmarks to prevent excessive allocations to any sector, region or country. The investment manager may enter into foreign exchange contracts to hedge exposure to foreign currency fluctuations, but direct speculation on foreign currency movement is prohibited.

As of June 30, 2011, the Plan's foreign currency risk associated with its investment was as follows:

Country/Currency		Common Stock
Australia	Dollar	\$ 553,342
Brazil	Real	423,985
Canada	Dollar	516,381
China	Yuan	204,544
France	Euro	878,947
Germany	Euro	1,384,385
Japan	Yen	1,604,103
Mexico	Peso	350,416
Netherlands	Euro	589,900
Norway	Kroner	371,456
Singapore	Dollar	241,093
South Africa	Rand	178,331
Spain	Euro	497,492
Switzerland	Franc	956,760
United Kingdom	Pound Sterling	2,248,643
Totals		\$ 10,999,778

Note 4. Interfund Receivables, Payables and Transfers

As of June 30, 2011, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 2,524,970	\$ 21,648,597
Memorial Town Hall Fund	11,981,100	-
Non-Major Governmental Funds	9,571,208	2,487,749
Internal Service Funds	5,299	203,705
Fiduciary Funds	258,599	1,125
Totals	\$ 24,341,176	\$ 24,341,176

The outstanding balances between funds result mainly from the time lag between the dates that (1) bond proceeds are recognized, (2) interfund goods and services are provided or reimbursable expenditures occur, (3) transactions are recorded in the accounting system, and (4) payments between funds are made.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Interfund transfers during the year ended June 30, 2011 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 205,912	\$ -
Non-Major Governmental Funds	-	205,912
Totals	\$ 205,912	\$ 205,912

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

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 18,281,108	\$ -	\$ -	\$ 18,281,108
Construction in progress	11,318,649	14,850,732	-	26,169,381
Total capital assets, not being depreciated	29,599,757	14,850,732	-	44,450,489
Capital assets, being depreciated:				
Land improvements	19,410,664	2,430,470	-	21,841,134
Buildings and improvements	201,959,200	831,606	-	202,790,806
Machinery and equipment	23,064,852	2,222,025	26,000	25,260,877
Infrastructure	88,223,007	805,470	-	89,028,477
Total capital assets being depreciated	332,657,723	6,289,571	26,000	338,921,294
Less accumulated depreciation for:				
Land improvements	4,521,164	1,097,352	-	5,618,516
Buildings and improvements	46,052,149	4,047,353	-	50,099,502
Machinery and equipment	20,087,569	1,589,505	26,000	21,651,074
Infrastructure	54,581,586	4,458,013	-	59,039,599
Total accumulated depreciation	125,242,468	11,192,223	26,000	136,408,691
Total capital assets, being depreciated, net	207,415,255	(4,902,652)	-	202,512,603
Governmental activities capital assets, net	\$ 237,015,012	\$ 9,948,080	\$ -	\$ 246,963,092

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

General government	\$ 950,303
Education	2,666,406
Public Safety	492,936
Public Works	6,875,084
Health and Welfare	87,647
Culture and Recreation	119,847
Total depreciation expense	<u>\$ 11,192,223</u>

Note 6. 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:

	<u>Deferred Revenues</u>	<u>Unearned Revenues</u>
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ 2,563,999	\$ -
School construction and other receivables	9,136,317	-
Advance tax collections	-	285,088
Tax overpayments	-	1,191,376
	<u>11,700,316</u>	<u>1,476,464</u>
Other Nonmajor Governmental Funds:		
Grants receivable	-	764,623
	<u>-</u>	<u>764,623</u>
Total deferred/unearned revenue	<u>\$ 11,700,316</u>	<u>\$ 2,241,087</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 7. Bond Anticipation Notes Payable and Subsequent Event

The Town has \$51,725,000 of bond anticipation notes outstanding as of June 30, 2011. The bond anticipation notes were due on August 24, 2011 and bear interest at 2%.

Bond anticipation note transactions for the year ended June 30, 2011 were as follows:

Outstanding, July 1, 2010	\$ 30,765,000
Borrowings	51,725,000
Repayments	(30,765,000)
Outstanding, June 30, 2011	<u>\$ 51,725,000</u>
Reported as:	
Bond anticipation notes	\$ 17,725,000
Long-term debt	\$ 34,000,000

The following projects are those with Bond Anticipation Notes outstanding as of June 30, 2011. They will be financed in the future with long-term debt:

Hamden High School improvements	\$ 80,180
Land acquisition (Putnam Avenue)	2,066,250
Short span bridges	950,000
Police headquarters/Memorial Town Hall	35,109,912
FY 2007/2008 capital improvements	1,553,696
Hamden Middle School	2,228,448
Spring Glen School	251,551
Bear Path School	608,923
FY 2009/2010 capital improvements	2,667,300
FY 2010/2011 capital improvements	6,208,740
	<u>\$ 51,725,000</u>

Subsequent event

In August 2011, \$17,725,000 of these (BANS) were refinanced through the issuance of \$25,775,000 of general obligation bond anticipation notes which will be due August 23, 2012. In August 2011, the Town issued \$34,000,000 in general obligation bonds. The bonds bear interest of 2% - 4% and mature serially from August 15, 2012 through August 15, 2025. Of the \$51,725,000 in bond anticipation notes outstanding, \$34,000,000 was financed with the August 2011 issue and is considered long-term debt in the government-wide financial statements and other financing sources in the Governmental Fund financial statements, as all conditions of FAS 6 have been met.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 8. Long-Term Obligations

A summary of changes in outstanding long-term debt during the year ended June 30, 2011 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 94,295,000	\$ -	\$ -	\$ 94,295,000	\$ 10,005,000
Deferred charges	(353,902)	-	(24,972)	(328,930)	(25,000)
Bond anticipation notes	-	34,000,000	-	34,000,000	-
Total bonds payable	93,941,098	34,000,000	(24,972)	127,966,070	9,980,000
Capital leases	948,528	-	553,662	394,866	236,003
Landfill post-closure care, Note 11	148,722	47,278	-	196,000	43,000
Compensated absences	8,735,837	4,422,868	4,011,252	9,147,453	2,700,000
Net pension obligation, Note 9	127,201,232	21,427,292	6,550,000	142,078,524	-
Heart and hypertension	6,591,926	137,080	736,166	5,992,840	700,000
Claims and judgments, Note 11	4,500,000	-	-	4,500,000	-
OPEB obligation, Note 9	64,595,426	30,937,360	12,330,071	83,202,715	-
Governmental activity long-term liabilities	\$ 306,662,769	\$ 90,971,878	\$ 24,156,179	\$ 373,478,468	\$ 13,659,003

General obligation bonds

As of June 30, 2011, 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 2030.	\$ 50,454,154
General bonds with interest rates ranging from 2.70% to 6.0% and varying expiration dates ranging from March 2006 to July 2030.	43,840,846
Total general obligation bonds	\$ 94,295,000

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

The annual debt service requirements of general obligation bonds are as follows (excluding BANs payable):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 10,005,000	\$ 4,056,046	\$ 14,061,046
2013	10,410,000	3,278,309	13,688,309
2014	9,120,000	2,846,953	11,966,953
2015	9,130,000	2,438,903	11,568,903
2016	8,775,000	2,055,959	10,830,959
2017	6,955,000	1,748,561	8,703,561
2018	6,885,000	1,488,689	8,373,689
2019	5,605,000	1,248,573	6,853,573
2020	5,430,000	1,028,785	6,458,785
2021	4,575,000	819,934	5,394,934
2022	3,520,000	651,047	4,171,047
2023	3,525,000	505,644	4,030,644
2024	2,580,000	377,472	2,957,472
2025	2,580,000	268,441	2,848,441
2026	2,315,000	165,947	2,480,947
2027	1,085,000	95,359	1,180,359
2028	600,000	60,750	660,750
2029	600,000	36,750	636,750
2030	600,000	12,375	612,375
	<u>\$ 94,295,000</u>	<u>\$ 23,184,497</u>	<u>\$ 117,479,497</u>

Bonds authorized but unissued

Total authorized but unissued debt at June 30, 2011 is as follows:

General purpose	\$ 29,352,675
Schools	1,855,541
	<u>\$ 31,208,216</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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:

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 300,876,293	\$ 71,786,521	\$ 229,089,772
Unfunded Pension Benefit Obligation	401,168,391	-	401,168,391
Schools	601,752,587	52,309,695	549,442,892
Sewers	501,460,489	-	501,460,489
Urban renewal	434,599,090	1,407,000	433,192,090

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$936,059,579.

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, 2011 was approximately \$2,096,000. Additional payments for principal and interest aggregating approximately \$9,439,000 are to be received through the bonds' maturity dates.

Conduit Debt

Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued.

The Town has issued revenue bonds, the proceeds of which will be used for financing the design and construction of the Whitney Center Project. The bonds are secured by the property financed and are payable from the Whitney Center operations. Accordingly, the bonds were not reported in the general purpose financial statements. As of June 30, 2011, there is \$89,895,000 of revenue bonds outstanding.

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 2014. Original cost of capital assets under such lease agreements are approximately \$2,992,504 with accumulated depreciation of \$2,445,023.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Future minimum lease payments under the capital leases as of June 30, 2011 are as follows:

Year Ending June 30,	
2012	\$ 248,627
2013	130,986
2014 and forward	<u>32,747</u>
Total minimum lease payments	412,360
Less amount representing interest	<u>(17,494)</u>
	<u>\$ 394,866</u>

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, 2011 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 9. 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 participate in the Connecticut Municipal Retirement System (CMERS) and are not eligible to participate in the Plan. Similarly, service employees hired after July 1, 2007 participate in CMERS and are not eligible for the pension 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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.

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, who were hired before July 1, 2007. As of June 30, 2007, such employee's benefits are 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 Town's Legislative Council.

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	\$ 19,088,623
Interest on net pension obligation	10,176,099
Adjustment to annual required contribution	<u>(7,837,430)</u>
Annual pension cost	21,427,292
Contributions made	<u>6,550,000</u>
Increase in net pension obligation	14,877,292
Net pension obligation, beginning of year	<u>127,201,232</u>
Net pension obligation, end of year	<u><u>\$ 142,078,524</u></u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Membership in the Plan consisted of the following at July 1, 2010, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	664
Terminated plan members entitled to, but not yet receiving benefits	27
Active plan members	568
Total	1,259

Three Year Trend Information:

Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
6/30/09	\$ 20,605,546	\$ 12,500,000	60.7%	\$ 118,453,407
6/30/10	\$ 21,247,825	\$ 12,500,000	58.8%	\$ 127,201,232
6/30/11	\$ 21,427,292	\$ 6,550,000	30.6%	\$ 142,078,524

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, 2010	\$ 81,352,519	\$ 323,748,595	\$ 242,396,076	25.13%	\$ 33,051,700	733.38%

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial assumptions are as follows:

Valuation Date:	7/1/10
Actuarial Cost Method:	Entry Age Normal Method
Amortization Method:	Level Percent of Salary Based on 4% Increases
Remaining Amortization Period:	26 Years Closed as of 7/1/2010
Asset Valuation Method:	Market Value
Actuarial Assumptions:	
Investment Rate of Return:	8.0%
Projected Salary Increases:	4.0%

Connecticut Municipal Employee's Retirement System

A. Plan Description

Employees hired into the Guardian services after July 1, 2006 participate in the Connecticut Municipal Employees' Retirement System (CMERS), as do service employees hired after July 1, 2007. CMERS is the administrator of a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. CMERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

B. Plan Provisions

Plan provisions are set by Statute of the State of Connecticut. CMERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases are applied to disabled and non-disabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases between 3% and 5% are paid to those who have reached age 65 and effective January 1, 2002, increases of 2.5% are paid to those who have not yet reached age 65. For those retiring after December 31, 2001, increases between 2.5% and 6.0% are paid regardless of age. All benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.
- If covered by Social Security: 1-1/2% of the average of earnings for the three highest paid years of service not in excess of the year's breakpoint, plus 2% of the average of earnings for the three highest paid years of service in excess of the year's breakpoint.

C. Funding Policy

Covered employees are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid, plus 5% earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan. Employees not covered by Social Security are required to contribute 5% of all earnings.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

The required and actual contribution were as follows:

2009	\$	164,786
2010	\$	205,571
2011	\$	499,985

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory, cost sharing multi-employer 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.

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 \$6,719,000 for the year ended June 30, 2011.

Other post-employment benefits

The Town provides post-employment 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 July 1, 2009. The post-employment 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 recognized 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 Entry Age Normal Method. For fiscal year 2011, the Town contributions were \$12,330,071 were made on a pay-as-you-go basis.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Membership in the plan consisted of the following at July 1, 2009, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	1,059
Active plan members	<u>1,192</u>
Total	<u><u>2,251</u></u>

OPEB Obligation

Annual required contribution	\$ 32,076,366
Interest on net pension obligation	2,583,817
Adjustment to ARC	<u>(3,722,823)</u>
Annual OPEB cost	30,937,360
Contributions made	<u>(12,330,071)</u>
Increase in net OPEB liability	18,607,289
Net OPEB obligation, beginning of year	<u>64,595,426</u>
Net OPEB obligation, end of year	<u><u>\$ 83,202,715</u></u>

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 July 1, 2009 is \$344,724,721.

Three Year Trend Information

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	Actual Contributions	Percentage of Cost Contributed	Net OPEB Obligation
6/30/11	\$ 30,937,360	\$ 12,330,071	39.9%	\$ 83,202,715
6/30/10	30,193,936	11,051,962	36.6%	64,595,426
6/30/09	33,659,975	11,653,382	34.6%	45,453,452

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
7/01/09	\$ -	\$ 344,724,721	\$ 344,724,721	0%	N/A	N/A

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as 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:	July 1, 2009
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	N/A
Amortization Method:	Level Payments
Remaining Amortization Period:	26 Years
Actuarial Assumptions:	
Investment Rate of Return:	4.0%
Inflation Rate:	N/A
Medical Trend Rate:	9.25% graded to 5% at a rate of .75% per year over 7 years
Prescription Drug Trend:	10.25% graded to 5% at a rate of .75% per year over 7 years
Dental Cost Trend Rate:	5%
Vision Cost Trend Rate:	3%

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 10. Fund Deficits

The following funds had fund deficits as of June 30, 2011:

Capital Projects Funds:

Wintergreen Interdistrict Magnet School	\$ (504,870)
Bear Path School Renovations	(924,168)
Memorial Town Hall	(5,072,239)

Special Revenue Funds:

Culture and Recreation	(1,113)
Community Development	(29,446)
Public Works	(27,449)

Internal Service Funds:

Workers' Compensation Fund	(6,994,933)
Medical Insurance Fund	(1,446,083)

The fund deficits are expected to be repaid with future revenues and future bond proceeds.

Note 11. 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 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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 2012.

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 \$196,000, 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, 2011. 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.

Municipal solid waste disposal contract

On July 1, 2010, the Town, in collaboration with four other municipalities, began a new ten-year solid waste disposal contract with Covanta Projects L.P. of Wallingford, Connecticut. Under this contract, all curbside solid waste collected in Hamden is transported to Covanta's mass-burn solid waste resource recovery and electric generation plant in Wallingford (the "System"), the same location used under the twenty-year agreement with the Connecticut Resources Recovery Authority that expired on June 30, 2010. The new contract offers two five-year options to extend for any or all of the participating municipalities.

Under the terms of the new contract, the Town is required to deliver or cause to be delivered to the System acceptable solid waste generated within its boundaries with a minimum commitment of 14,850 tons per year and to pay a uniform per-ton disposal service fee therefore. The aggregate minimum commitment of the five participating municipalities is 66,285 tons per year. For the last five years, the Town has delivered more than 30,000 tons annually. The Town's commitment to pay disposal fees is a "put-or-pay" commitment, meaning that, if the commitment of the five participating municipalities is not met by the total delivery of all five participating municipalities, or by other solid wastes delivered in any year and, if the Town does not meet its minimum commitment, it must pay the disposal fee for its proportionate share of the aggregate minimum commitment, minus the amount of total acceptable solid waste delivered. Disposal fees are payable, provided that the System is accepting solid waste delivered by or on behalf of the Town, regardless of whether such solid waste is processed at Covanta's facility in Wallingford. Should the facility be unable to process this waste, it will be sent to other facilities owned by Covanta at no additional cost to the Town.

The Town's obligation to pay disposal fees is absolute and unconditional so long as Covanta accepts the Town's solid waste. The Town has pledged its full faith and credit to the payment of the disposal fees and has agreed to enforce or levy and collect all taxes, cost-sharing or other assessments or charges and take other such action as may be necessary to pay the fees. For the fiscal years ended June 30, 2007, 2008, 2009, 2010 and 2011, the disposal fees were \$58, \$59, \$60, \$60 and \$65 per ton, respectively. In fiscal year 2012, the fees is \$66.21 per ton.

Note 12. 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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 for claims from July 1, 1999 to June 30, 2009. The Board of Education was also covered by CIRMA on a fully insured basis for this same period of time.

Beginning on July 1, 2009, the Town and Board of Education became self-insured for Workers' Compensation coverage. The program was reinsured through New York Marine & General Insurance Company. The Town retains the first \$500,000 of each loss. PMA of Connecticut serves as the Claims Administrator for the program.

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 \$250,000 for individual medical claims.

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	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
6/30/10	\$ 5,811,293	\$ 31,350,838	\$ 30,044,354	\$ 7,117,777
6/30/11	\$ 7,117,777	\$ 33,856,633	\$ 31,966,802	\$ 9,007,608

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 13. Fund Balances

In fiscal year 2011, the Town adopted GASB Statement No. 54, *Fund Balance Reporting and government Fund Type Definitions*. The statement establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The details for the Town's fund balance are the following:

	General Fund	Memorial Town Hall Fund	Nonmajor Governmental Funds
Fund balances:			
Non-spendable:			
Inventory	\$ -	\$ -	\$ 21,207
Total non-spendable	-	-	21,207
Restricted:			
General government	-	-	865,012
Public safety	-	-	97,745
Social services	-	-	127,044
Education	-	-	663,343
Total restricted	-	-	1,753,144
Committed:			
Capital projects	-	-	6,428,047
Total committed	-	-	6,428,047
Unassigned:			
General government	557,564	(5,072,239)	(1,487,046)
Total unassigned	557,564	(5,072,239)	(1,487,046)
Total fund balance	\$ 557,564	\$ (5,072,239)	\$ 6,715,352

Note 14. Accounting Change/Reclassification

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented as of July 1, 2010. The effect of fund type reclassification is as follows:

	General Fund	Nonmajor Governmental Funds
Fund balance, June 30, 2010, as previously reported	\$ 574,675	\$ (2,946,833)
Change in fund type classification per implementation of GASB Statement No. 54	238,629	(238,629)
Fund balance, July 1, 2010, as restated	\$ 813,304	\$ (3,185,462)

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Note 15. Governmental Accounting Standards Board (GASB) Statements

The Town adopted the following statements during the year ended June 30, 2011:

- **GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.** This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints. As explained in Notes 11 and 12 to the basic financial statements, the Town reclassified the fund balances for governmental funds and restated the General Fund and the Nonmajor Governmental Funds fund balance by \$238,629 as a result of the implementation of this Statement.
- **GASB Statement No. 59, *Financial Instruments Omnibus*.** This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, Accounting and Financial Reporting for Derivative Instruments, and applying the reporting provisions for interest-earning investment contracts of GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

The Governmental Accounting Standards Board (GASB) has issued several pronouncements 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 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*,** was issued in December 2009. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement amends Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, to permit certain OPEB plans to use an alternative measurement method. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, requirement that a defined benefit OPEB plan obtain an actuarial valuation. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions of this Statement will be effective for the Town beginning with its year ending June 30, 2012.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

- **GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements***, issued November 2010, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- **GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34***, issued November 2010, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.
- **GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***, issued January 2011, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- **GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***, issued July 2011, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

- **GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*** (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the Town beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectibility of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

**Required Supplementary
Information**

TOWN OF HAMDEN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES AND EXPENDITURES AND OTHER FINANCING SOURCES - BUDGETARY BASIS -
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes, interest and liens	\$ 134,444,870	\$ 134,444,870	\$ 133,437,247	\$ (1,007,623)
Intergovernmental	34,519,146	35,413,054	36,286,300	873,246
Licenses, permits and fees	3,010,670	3,010,670	1,731,023	(1,279,647)
Charges for services	2,960,100	2,960,100	2,808,978	(151,122)
Investment earnings	220,000	220,000	146,992	(73,008)
Miscellaneous	2,155,000	2,155,000	2,004,972	(150,028)
Total revenues	177,309,786	178,203,694	176,415,512	(1,788,182)
EXPENDITURES				
Current:				
Education	78,250,000	78,336,250	78,334,418	1,832
General government	9,718,413	8,488,270	8,415,452	72,818
Public safety	22,513,553	23,067,528	23,007,853	59,675
Public works	10,972,578	12,278,852	12,152,399	126,453
Health and welfare	1,477,262	1,401,440	1,391,268	10,172
Culture and recreation	2,606,088	2,650,196	2,625,721	24,475
Employee benefits	47,520,392	47,747,349	47,522,891	224,458
Debt service:				
Interest	4,151,500	4,142,841	4,142,841	-
Anticipated bonding	200,000	190,968	190,968	-
Total expenditures	177,409,786	178,303,694	177,783,811	519,883
Revenues under expenditures	(100,000)	(100,000)	(1,368,299)	(1,268,299)
OTHER FINANCING SOURCES				
Transfers in	-	-	205,912	205,912
Bond premium	100,000	100,000	741,219	641,219
	100,000	100,000	947,131	847,131
Revenues and other financing sources under expenditures and other financing sources	\$ -	\$ -	\$ (421,168)	\$ (421,168)

See Notes to Required Supplementary Information.

TOWN OF HAMDEN, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
A RECONCILIATION OF GENERAL FUND BUDGETARY BASIS
June 30, 2011**

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, 2011	\$ 177,362,643	\$ 177,783,811
On-behalf payments for state teachers retirement	6,719,000	6,719,000
Reclassified to General Fund, as funds were previously reported as Special Revenue Funds, and no longer meet the definition in accordance with GASB 54.	301,956	136,528
Balance, GAAP Basis, June 30, 2011	<u>\$ 184,383,599</u>	<u>\$ 184,639,339</u>

See Notes to Required Supplementary Information.

TOWN OF HAMDEN, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
June 30, 2011**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/04	\$ 83,785,549	\$ 239,835,010	\$ 156,049,461	34.93%	\$ 30,840,944	505.98%
07/01/05	N/A	N/A	N/A	N/A	N/A	N/A
07/01/06	82,718,403	278,847,512	196,139,109	29.66%	30,598,423	641.01%
07/01/07	N/A	N/A	N/A	N/A	N/A	N/A
07/01/08	85,832,527	303,003,978	217,171,451	28.33%	33,976,398	639.18%
07/01/09	N/A	N/A	N/A	N/A	N/A	N/A
07/01/10	81,352,519	323,748,595	242,396,076	25.13%	33,051,700	733.38%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2011	\$ 19,088,623	34.3%
2010	18,911,433	66.1%
2009	18,292,235	68.3%
2008	16,754,259	71.6%
2007	15,956,437	56.4%
2006	13,951,743	43.0%

TOWN OF HAMDEN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
June 30, 2011

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Accrued Liability (b)	Unfunded/ Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
OPEB						
07/01/2008	\$ -	\$ 366,234,442	\$ 366,234,442	0.0%	N/A	N/A
07/01/2009	-	344,724,721	344,724,721	0.0%	N/A	N/A

Schedule of Employer Contributions-OPEB

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2011	\$ 32,076,366	38.4%
2010	30,951,154	35.7%
2009	33,659,975	17.6%
2008	32,365,361	17.6%

TOWN OF HAMDEN, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2011

Note 1. Budgets and Budgetary 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.
- 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.

The Town's Legislative Council increased its appropriation for FY 2010/2011 by \$893,908, thereby increasing the original operating budget from \$177,409,786 to \$178,303,694.

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, Continued
June 30, 2011

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.

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

General Fund

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF GENERAL FUND REVENUES - BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
PROPERTY TAXES				
Current Taxes	\$ 131,196,860	\$ 131,196,860	\$ 130,386,201	\$ (810,659)
Delinquent Taxes	1,100,000	1,100,000	1,272,670	172,670
Supplemental Taxes	765,000	765,000	882,349	117,349
Property tax interest	775,000	775,000	784,583	9,583
Property tax liens	13,000	13,000	11,343	(1,657)
Suspense collections	270,000	270,000	73,175	(196,825)
Sewer Liens/Area Benefits	10	10	-	(10)
New construction	25,000	25,000	26,926	1,926
Tax liens	300,000	300,000	-	(300,000)
Total property taxes	134,444,870	134,444,870	133,437,247	(1,007,623)
INTERGOVERNMENTAL				
PILOT - State owned property	479,725	479,725	482,476	2,751
Elderly exemption freeze	11,037	11,037	12,000	963
Elderly exemption - circuit breaker	423,157	423,157	405,932	(17,225)
Disability exemption	7,040	7,040	7,646	606
PILOT - colleges and hospitals	2,300,000	2,300,000	2,117,783	(182,217)
Boat grant	4,660	4,660	7,359	2,699
Telecommunication access	295,000	295,000	178,511	(116,489)
PILOT - veterans exemption	115,894	115,894	122,727	6,833
Town Road Aid	327,078	327,078	327,849	771
Distressed municipalities	19,497	19,497	20,618	1,121
PILOT - machinery and equipment	339,821	339,821	230,771	(109,050)
Mashantucket Pequot fund	925,964	925,964	927,039	1,075
Adult education	208,347	208,347	213,086	4,739
Magnet schools	63,180	63,180	22,100	(41,080)
School construction	1,698,704	1,698,704	1,616,235	(82,469)
Public school transportation	947,391	947,391	540,970	(406,421)
State bond interest subsidies	397,389	397,389	397,390	1
Nonpublic school transportation	3,554	3,554	204,433	200,879
Nonpublic school health	151,502	151,502	140,601	(10,901)
Education cost sharing grant	23,030,761	23,030,761	19,771,167	(3,259,594)
PILOT - Greater New Haven WPCA	73,300	73,300	73,300	-
PILOT - Water Authority	696,145	696,145	702,230	6,085
CRRA Reserve Payment	2,000,000	2,893,908	4,478,241	1,584,333
Miscellaneous grants	-	-	152	152
Federal Stimulus - Fiscal Stability	-	-	3,285,683	3,285,683
Total intergovernmental	34,519,146	35,413,054	36,286,300	873,246
INVESTMENT EARNINGS	220,000	220,000	146,992	(73,008)

(Continued)

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF GENERAL FUND REVENUES - BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
CHARGES FOR SERVICES				
Other rents	24,000	24,000	12,010	(11,990)
Police extra duty	2,100,000	2,100,000	2,034,621	(65,379)
Police extra duty vehicle	20,000	20,000	27,497	7,497
Assessor fees	25,000	25,000	16,536	(8,464)
Elderly services charges	71,000	71,000	92,514	21,514
Code Enforcement	3,000	3,000	1,860	(1,140)
Youth services charges	3,600	3,600	2,340	(1,260)
Public works charges	40,000	40,000	48,768	8,768
Library charges	40,000	40,000	34,502	(5,498)
Parks and recreations	549,000	549,000	480,094	(68,906)
Planning and zoning	84,500	84,500	58,236	(26,264)
Total charges for services	2,960,100	2,960,100	2,808,978	(151,122)
LICENSES, PERMITS AND FEES				
Town clerk	1,541,000	1,541,000	981,378	(559,622)
Police department	115,800	115,800	108,801	(6,999)
Fire department	125,500	125,500	76,220	(49,280)
Building	1,200,000	1,200,000	539,364	(660,636)
Engineering	25,870	25,870	24,312	(1,558)
Personnel	2,500	2,500	948	(1,552)
Total licenses, permits and fees	3,010,670	3,010,670	1,731,023	(1,279,647)
MISCELLANEOUS REVENUES				
BOE medical	125,000	125,000	80,081	(44,919)
Workers' Comp. R.	5,000	5,000	4,936	(64)
Term Life revenue	15,000	15,000	21,366	6,366
Miscellaneous	15,000	15,000	2,033	(12,967)
Special Ed Excess Cost-Offset	-	-	900,000	900,000
Special Ed Excess Cost Revenue	1,525,000	1,525,000	791,170	(733,830)
Sale of Surplus Vehicles	12,000	12,000	23,200	11,200
Relocation Reimbursement	4,500	4,500	-	(4,500)
Animal Control	3,500	3,500	3,060	(440)
Miscellaneous - Finance Office	450,000	450,000	179,126	(270,874)
Total miscellaneous revenues	2,155,000	2,155,000	2,004,972	(150,028)
OTHER FINANCING SOURCES				
Transfers in	-	-	205,912	205,912
Bond premium	100,000	100,000	741,219	641,219
	100,000	100,000	947,131	847,131
Total revenues and other financing sources	\$ 177,409,786	\$ 178,303,694	\$ 177,362,643	\$ (941,051)

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF GENERAL FUND EXPENDITURES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Legislative council	\$ 1,811,648	\$ 596,665	\$ 585,683	\$ 10,982
Mayor	580,250	568,126	566,746	1,380
Elections and registrar	196,288	167,580	167,573	7
Finance	3,857,947	3,899,864	3,888,276	11,588
Tax Assessor	387,717	366,670	366,537	133
Review of assessments	3,600	3,600	3,600	-
Tax collector	497,275	414,285	414,284	1
Town attorney	346,258	506,534	498,665	7,869
Town clerk	487,093	477,580	460,947	16,633
Planning and zoning	453,923	433,479	431,706	1,773
Personnel	239,606	223,997	219,756	4,241
Economic development	149,782	151,526	151,526	-
Purchasing	699,876	666,613	650,310	16,303
Probate court	6,750	6,750	5,619	1,131
Board of ethics	400	5,001	4,224	777
Total general government	9,718,413	8,488,270	8,415,452	72,818
PUBLIC SAFETY				
Animal control	125,496	145,898	145,427	471
Police department	11,700,188	11,689,442	11,647,312	42,130
Fire department	10,687,869	11,232,188	11,215,114	17,074
Total public safety	22,513,553	23,067,528	23,007,853	59,675
PUBLIC WORKS				
Building administration	353,231	352,794	352,782	12
Public works department	9,905,233	11,213,897	11,095,367	118,530
Engineering	506,352	501,649	501,424	225
Traffic/Transportation	207,762	210,512	202,826	7,686
Total public works	10,972,578	12,278,852	12,152,399	126,453
HEALTH AND WELFARE				
Elderly services	446,398	402,544	398,996	3,548
Community services	288,104	279,967	278,946	1,021
Youth services	205,672	185,642	184,969	673
Mental health	166,881	163,080	163,080	-
Quinnipiac Valley health	300,594	300,594	300,593	1
Visiting nurses association	69,613	69,613	64,684	4,929
Total health and welfare	1,477,262	1,401,440	1,391,268	10,172
BOARD OF EDUCATION	78,250,000	78,336,250	78,334,418	1,832

(Continued)

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF GENERAL FUND EXPENDITURES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
EMPLOYEE BENEFITS				
Medical insurance	36,905,402	36,905,402	36,705,185	200,217
Pension	6,900,000	7,049,985	7,049,985	-
Fringes	3,714,990	3,791,962	3,767,721	24,241
Total employee benefits	47,520,392	47,747,349	47,522,891	224,458
DEBT SERVICE				
Interest	4,151,500	4,142,841	4,142,841	-
Anticipated bonding	200,000	190,968	190,968	-
Total debt service	4,351,500	4,333,809	4,333,809	-
Total general government	174,803,698	175,653,498	175,158,090	495,408
CULTURE AND RECREATION				
Library	1,762,753	1,750,315	1,747,587	2,728
Parks and recreation	713,431	750,477	728,827	21,650
Arts programs	129,904	149,404	149,307	97
Total culture and recreation	2,606,088	2,650,196	2,625,721	24,475
Total	\$ 177,409,786	\$ 178,303,694	\$ 177,783,811	\$ 519,883

Nonmajor Governmental Funds

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TOWN OF HAMDEN, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue				
	Human Services	Culture and Recreation	Public Safety	Public Works	Community Development
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 15,972	\$ 3,043	\$ 11,740
Receivables:					
Intergovernmental and other receivables	4,829	-	-	-	-
Inventories and prepaids	-	-	-	-	-
Due from other funds	141,695	7,858	116,195	13,045	-
Total assets	\$ 146,524	\$ 7,858	\$ 132,167	\$ 16,088	\$ 11,740
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	\$ 5,721	\$ -	\$ 19,977	\$ 2,460	\$ 17,025
Unearned revenues	-	-	-	-	-
Due to other funds	13,759	8,971	14,445	41,077	24,161
BAN payable	-	-	-	-	-
Total liabilities	19,480	8,971	34,422	43,537	41,186
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	127,044	-	97,745	-	-
Committed	-	-	-	-	-
Unassigned	-	(1,113)	-	(27,449)	(29,446)
Total fund balances (deficits)	127,044	(1,113)	97,745	(27,449)	(29,446)
Total liabilities and fund balances (deficits)	\$ 146,524	\$ 7,858	\$ 132,167	\$ 16,088	\$ 11,740

Special Revenue		Capital Projects				
Town Revitalization Projects	Board of Education	Farmington Canal	Hamden Middle School Fund	Brooksvale Park Renovation and Acquisition Grant	Wintergreen Interdistrict Magnet School	Construction of Spring Glen School
\$ 448,303	\$ 1,800,730	\$ -	\$ -	\$ -	\$ 11,984	\$ -
-	-	-	-	-	612,704	-
-	21,207	-	-	-	-	-
559,081	-	499,366	288,196	101,738	-	378,919
<u>\$ 1,007,384</u>	<u>\$ 1,821,937</u>	<u>\$ 499,366</u>	<u>\$ 288,196</u>	<u>\$ 101,738</u>	<u>\$ 624,688</u>	<u>\$ 378,919</u>
\$ 142,372	\$ 182,844	\$ 23,756	\$ -	\$ -	\$ -	\$ 2,363
-	764,623	-	-	-	-	-
-	189,920	-	-	-	1,129,558	-
-	-	-	-	-	-	-
<u>142,372</u>	<u>1,137,387</u>	<u>23,756</u>	<u>-</u>	<u>-</u>	<u>1,129,558</u>	<u>2,363</u>
-	21,207	-	-	-	-	-
865,012	663,343	-	-	-	-	-
-	-	475,610	288,196	101,738	-	376,556
-	-	-	-	-	(504,870)	-
<u>865,012</u>	<u>684,550</u>	<u>475,610</u>	<u>288,196</u>	<u>101,738</u>	<u>(504,870)</u>	<u>376,556</u>
<u>\$ 1,007,384</u>	<u>\$ 1,821,937</u>	<u>\$ 499,366</u>	<u>\$ 288,196</u>	<u>\$ 101,738</u>	<u>\$ 624,688</u>	<u>\$ 378,919</u>

TOWN OF HAMDEN, CONNECTICUT

COMBINING BALANCE SHEET, Continued
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2011

	Capital Projects			Permanent Fund	Totals
	Bear Path School Renovations	Capital Project Fund	Other Capital Projects	Permanent Fund	
ASSETS					
Cash and cash equivalents	\$ -	\$ 245,506	\$ 36,307	\$ 13,551	\$ 2,587,136
Receivables:					
Intergovernmental and other receivables	-	-	-	-	617,533
Inventories and prepaids	-	-	-	-	21,207
Due from other funds	-	6,126,363	1,338,752	-	9,571,208
Total assets	\$ -	\$ 6,371,869	\$ 1,375,059	\$ 13,551	\$ 12,797,084
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	\$ -	\$ 430,260	\$ 114,494	\$ -	\$ 941,272
Unearned revenues	-	-	-	-	764,623
Due to other funds	414,168	396,000	254,309	1,381	2,487,749
BAN payable	510,000	1,378,088	-	-	1,888,088
Total liabilities	924,168	2,204,348	368,803	1,381	6,081,732
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	21,207
Restricted	-	-	-	-	1,753,144
Committed	-	4,167,521	1,006,256	12,170	6,428,047
Unassigned	(924,168)	-	-	-	(1,487,046)
Total fund balances (deficits)	(924,168)	4,167,521	1,006,256	12,170	6,715,352
Total liabilities and fund balances (deficits)	\$ -	\$ 6,371,869	\$ 1,375,059	\$ 13,551	\$ 12,797,084

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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, 2011**

	Special Revenue Funds				
	Human Services	Culture and Recreation	Public Safety	Public Works	Community Development
REVENUES					
Intergovernmental	\$ 464,480	\$ 9,073	\$ 113,596	\$ 273,681	\$ 733,598
Charges for services	-	-	-	-	-
Other	4,291	-	-	-	-
Total revenues	468,771	9,073	113,596	273,681	733,598
EXPENDITURES					
Education	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	101,186	-	-
Public works	-	-	-	290,630	-
Health and welfare	433,162	-	-	-	-
Culture and recreation	-	7,122	-	-	-
Capital outlay	-	-	-	-	-
Community Development	-	-	-	-	605,440
Total expenditures	433,162	7,122	101,186	290,630	605,440
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Change in fund balances (deficits)	35,609	1,951	12,410	(16,949)	128,158
FUND BALANCES (DEFICITS), beginning of year	91,435	(3,064)	85,335	(10,500)	(157,604)
FUND BALANCES (DEFICITS), end of year	\$ 127,044	\$ (1,113)	\$ 97,745	\$ (27,449)	\$ (29,446)

Special Revenue Funds		Capital Projects				
Town Revitalization Projects	Board of Education	Farmington Canal	Hamden Middle School Fund	Brooksvale Park Renovation & Acquisition Grant	Wintergreen Interdistrict Magnet School	Construction of Spring Glen School
\$ 1,273,258	\$ 6,459,340	\$ 24,639	\$ 125,224	\$ 1,850	\$ -	\$ -
25,391	2,379,153	-	-	-	-	-
1,235	-	-	448	-	-	51
<u>1,299,884</u>	<u>8,838,493</u>	<u>24,639</u>	<u>125,672</u>	<u>1,850</u>	<u>-</u>	<u>51</u>
-	8,756,374	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
544,940	-	128,157	1,270	-	-	-
489,463	-	-	-	-	-	-
<u>1,034,403</u>	<u>8,756,374</u>	<u>128,157</u>	<u>1,270</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	2,228,000	-	-	251,500
-	-	-	2,228,000	-	-	251,500
265,481	82,119	(103,518)	2,352,402	1,850	-	251,551
599,531	602,431	579,128	(2,064,206)	99,888	(504,870)	125,005
<u>\$ 865,012</u>	<u>\$ 684,550</u>	<u>\$ 475,610</u>	<u>\$ 288,196</u>	<u>\$ 101,738</u>	<u>\$ (504,870)</u>	<u>\$ 376,556</u>

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, 2011**

	Capital Projects			Permanent Fund	Totals
	Bear Path School Renovations	Capital Projects Fund	Other Capital Projects	Permanent Fund	
REVENUES					
Intergovernmental	\$ 82,470	\$ 566,167	\$ 343,179	\$ -	\$ 10,470,555
Charges for services	-	-	67,174	-	2,471,718
Other	23	231,124	-	35	237,207
Total revenues	82,493	797,291	410,353	35	13,179,480
EXPENDITURES					
Education	-	-	-	-	8,756,374
General government	-	-	93,816	-	93,816
Public safety	-	-	-	-	101,186
Public works	-	-	-	-	290,630
Health and welfare	-	-	-	-	433,162
Culture and recreation	-	-	-	-	7,122
Capital outlay	-	5,595,038	753,156	-	7,022,561
Community Development	-	-	-	-	1,094,903
Total expenditures	-	5,595,038	846,972	-	17,799,754
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(205,912)	-	-	(205,912)
Bond proceeds	98,900	12,148,600	-	-	14,727,000
Total other financing sources (uses)	98,900	11,942,688	-	-	14,521,088
Change in fund balances (deficits)	181,393	7,144,941	(436,619)	35	9,900,814
FUND BALANCES (DEFICITS), beginning of year	(1,105,561)	(2,977,420)	1,442,875	12,135	(3,185,462)
FUND BALANCES (DEFICITS), end of year	\$ (924,168)	\$ 4,167,521	\$ 1,006,256	\$ 12,170	\$ 6,715,352

Internal Service Funds

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS (DEFICITS)
INTERNAL SERVICE FUNDS

June 30, 2010

	Workers' Compensation Fund	Medical Insurance Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 229,986	\$ 364,012	\$ 593,998
Other receivables	-	171,000	171,000
Due from other funds	5,299	-	5,299
Total assets	235,285	535,012	770,297
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	831,846	-	831,846
Claims incurred but not reported	1,400,276	1,777,390	3,177,666
Due to other funds	-	203,705	203,705
Total current liabilities	2,232,122	1,981,095	4,213,217
Noncurrent liabilities:			
Claims payable	4,998,096	-	4,998,096
Total liabilities	7,230,218	1,981,095	9,211,313
NET ASSETS (DEFICITS)			
Unrestricted	\$ (6,994,933)	\$ (1,446,083)	\$ (8,441,016)

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, 2011

	Workers' Compensation Fund	Medical Insurance Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 1,500,137	\$ 38,808,625	\$ 40,308,762
Total operating revenues	1,500,137	38,808,625	40,308,762
OPERATING EXPENSES			
Salaries, benefits and claims	3,842,785	30,013,848	33,856,633
Total operating expenses	3,842,785	30,013,848	33,856,633
Operating income (loss)	(2,342,648)	8,794,777	6,452,129
NONOPERATING REVENUES			
Investment earnings	32	-	32
Total nonoperating revenues	32	-	32
Change in net assets (deficits)	(2,342,616)	8,794,777	6,452,161
FUND NET ASSETS (DEFICITS), beginning	(4,652,317)	(10,240,860)	(14,893,177)
FUND NET ASSETS (DEFICITS), ending	\$ (6,994,933)	\$ (1,446,083)	\$ (8,441,016)

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2011

	Workers' Compensation Fund	Medical Insurance Fund	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 1,500,137	\$ 38,808,625	\$ 40,308,762
Payments for benefits	(1,511,540)	(29,844,146)	(31,355,686)
Payments to General Fund	-	(8,969,785)	(8,969,785)
Net cash used in operating activities	(11,403)	(5,306)	(16,709)
Cash Flows From Investing Activities			
Interest received on investments	32	-	32
Net cash provided by investing activities	32	-	32
Net decrease in cash and cash equivalents	(11,371)	(5,306)	(16,677)
CASH AND CASH EQUIVALENTS, beginning	241,357	369,318	610,675
CASH AND CASH EQUIVALENTS, ending	\$ 229,986	\$ 364,012	\$ 593,998
Reconciliations of Operating (Loss) Income to Net Cash Used in Operating Activities:			
Operating (loss) income	\$ (2,342,648)	\$ 8,794,777	\$ 6,452,129
Adjustments to reconcile operating (loss) income to net cash used in operating activities:			
Changes in assets and liabilities:			
Decrease (increase) in other receivables	242,295	(171,000)	71,295
Decrease in accounts payable and accrued liabilities	(254,065)	-	(254,065)
Increase (decrease) in claims incurred but not reported	2,343,016	(199,120)	2,143,896
Decrease in due from other funds	(1)	-	(1)
Decrease in due to other funds	-	(8,429,963)	(8,429,963)
Net cash used in operating activities	\$ (11,403)	\$ (5,306)	\$ (16,709)

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Fiduciary Funds

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

AGENCY FUNDS

June 30, 2011

	Private Purpose Trust Funds			Total
	Library Gift Fund	Hamden Arts Commission	Other Private Purpose Trust Funds	
ASSETS				
Cash and cash equivalents	\$ 68,772	\$ 64,094	\$ 33,034	\$ 165,900
Due from other funds	5,156	-	175,993	181,149
Total assets	73,928	64,094	209,027	347,049
LIABILITIES				
Accounts payable and accrued expenses	-	-	4,641	4,641
Due to other funds	-	-	1,125	1,125
Total liabilities	-	-	5,766	5,766
NET ASSETS HELD IN TRUST	\$ 73,928	\$ 64,094	\$ 203,261	\$ 341,283

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS

For the Year Ended June 30, 2011

	Private Purpose Trust Funds			Total
	Library Gift Fund	Hamden Arts Commission	Other Private Purpose Trust Funds	
Additions:				
Other revenue	\$ 106,400	\$ 37,356	\$ 301,474	\$ 445,230
Total additions	106,400	37,356	301,474	445,230
Investment Income:				
Interest and dividends	131	33	1,043	1,207
Net investment income	131	33	1,043	1,207
Total additions	106,531	37,389	302,517	446,437
Deductions:				
Other deductions	95,429	41,512	201,236	338,177
Net change in net assets	11,102	(4,123)	101,281	108,260
Net Assets Held in Trust, beginning of year	62,826	68,217	101,980	233,023
Net Assets Held in Trust, end of year	\$ 73,928	\$ 64,094	\$ 203,261	\$ 341,283

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND

For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
SCHOOL ACTIVITY FUND				
Assets:				
Cash and cash equivalents	\$ 73,228	\$ 694,267	\$ 678,050	\$ 89,445
Liability:				
Due to student groups	\$ 73,228	\$ 694,267	\$ 678,050	\$ 89,445
ADULT ACTIVITY				
Assets:				
Cash and cash equivalents	\$ 48,591	\$ 211,131	\$ 200,840	\$ 58,882
Liability:				
Due to adult groups	\$ 48,591	\$ 211,131	\$ 200,840	\$ 58,882
PERFORMANCE BONDS				
Assets:				
Cash and cash equivalents	\$ 566,875	\$ 2,832	\$ 42,101	\$ 527,606
Due from other funds	77,450	-	-	77,450
	<u>\$ 644,325</u>	<u>\$ 2,832</u>	<u>\$ 42,101</u>	<u>\$ 605,056</u>
Liability:				
Due to contractors	\$ 644,325	\$ 2,832	\$ 42,101	\$ 605,056
TOTAL AGENCY FUNDS				
Total Assets	<u>\$ 766,144</u>	<u>\$ 908,230</u>	<u>\$ 920,991</u>	<u>\$ 753,383</u>
Total Liabilities	<u>\$ 766,144</u>	<u>\$ 908,230</u>	<u>\$ 920,991</u>	<u>\$ 753,383</u>

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Other Schedules

TOWN OF HAMDEN, CONNECTICUT

BALANCE SHEET - BY ACCOUNT - GENERAL FUND

June 30, 2011

	General Fund	General Government	Building Rental	Eliminate Interfund Receivables	Totals
ASSETS					
Cash and cash equivalents	\$ 25,016,980	\$ -	\$ 94,284	\$ -	\$ 25,111,264
Receivables:					
Property taxes	4,111,497	-	-	-	4,111,497
Due from other funds	2,524,970	325,103	-	(325,103)	2,524,970
Intergovernmental receivables	11,058,862	-	-	-	11,058,862
Total assets	\$ 42,712,309	\$ 325,103	\$ 94,284	\$ (325,103)	\$ 42,806,593
LIABILITIES AND FUND BALANCES					
BALANCES					
LIABILITIES					
Accounts and other payables	\$ 7,408,322	\$ 15,330	\$ -	\$ -	\$ 7,423,652
Due to other funds	21,973,700	-	-	(325,103)	21,648,597
Unearned revenue	1,476,464	-	-	-	1,476,464
Deferred revenue	11,700,316	-	-	-	11,700,316
Total liabilities	42,558,802	15,330	-	(325,103)	42,249,029
FUND BALANCES					
Unassigned	153,507	309,773	94,284	-	557,564
Total fund balances	153,507	309,773	94,284	-	557,564
Total liabilities and fund balances	\$ 42,712,309	\$ 325,103	\$ 94,284	\$ (325,103)	\$ 42,806,593

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY ACCOUNT - GENERAL FUND
 For the Year Ended June 30, 2011

	General Fund	General Government	Building Rental	Eliminate Interfund Transfers	Totals
REVENUES					
Property taxes	\$ 133,437,247	\$ -	\$ -	\$ -	\$ 133,437,247
Permits, fees and other	1,731,085	-	-	-	1,731,085
State on-behalf payments	6,719,000	-	-	-	6,719,000
Intergovernmental	37,977,470	-	-	-	37,977,470
Charges for services	2,811,974	217,543	84,413	-	3,113,930
Investment income	146,992	-	-	-	146,992
Miscellaneous	310,744	-	-	-	310,744
Total revenues	183,134,512	217,543	84,413	-	183,436,468
EXPENDITURES					
Current:					
General government	8,415,453	-	-	-	8,415,453
Culture and recreation	2,645,461	-	-	-	2,645,461
State on-behalf payments	6,719,000	-	-	-	6,719,000
Public safety	22,998,021	-	-	-	22,998,021
Health and welfare	1,391,268	-	6,099	-	1,397,367
Public works	12,132,659	-	-	-	12,132,659
Employee benefits	47,532,722	107,945	-	-	47,640,667
Education	78,334,418	22,484	-	-	78,356,902
Debt Service:					
Interest and other charges	4,142,841	-	-	-	4,142,841
Anticipated bonding cost	190,968	-	-	-	190,968
Total expenditures	184,502,811	130,429	6,099	-	184,639,339
Revenues over (under) expenditures	(1,368,299)	87,114	78,314	-	(1,202,871)
OTHER FINANCING SOURCES					
Transfers in	205,912	-	-	-	205,912
Bond premium	741,219	-	-	-	741,219
Net other financing sources	947,131	-	-	-	947,131
Net change in fund balances	(421,168)	87,114	78,314	-	(255,740)
FUND BALANCES , beginning of year July 1, 2010	574,675	222,659	15,970	-	813,304
FUND BALANCES, end of year June 30, 2011	\$ 153,507	\$ 309,773	\$ 94,284	\$ -	\$ 557,564

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TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

For the Year Ended June 30, 2011

Grand List Year	Balance Uncollected July 1, 2010	Current Levy	Lawful Corrections		Transfers to Suspense	Balance to be Collected
			Additions	Deletions		
1995	\$ 89,819	\$ -	\$ -	\$ 89,819	\$ -	\$ -
1996	61,086	-	285	-	-	61,371
1997	27,012	-	264	-	-	27,276
1998	43,006	-	151	2,737	-	40,420
1999	53,367	-	-	-	-	53,367
2000	7,741	-	777	-	-	8,518
2001	(26,169)	-	515	-	-	(25,654)
2002	(38,124)	-	711	-	-	(37,413)
2003	(40,676)	-	584	-	-	(40,092)
2004	(65,165)	-	403	-	-	(64,762)
2005	(70,597)	-	973	-	-	(69,624)
2006	(8,495)	-	6,906	-	-	(1,589)
2007	782,602	-	-	296,600	261,256	224,746
2008	1,892,551	-	16,255	310,069	-	1,598,737
2009	-	134,000,721	-	625,425	-	133,375,296
	<u>\$ 2,707,958</u>	<u>\$ 134,000,721</u>	<u>\$ 27,824</u>	<u>\$ 1,324,650</u>	<u>\$ 261,256</u>	<u>\$ 135,150,597</u>

Collections							Taxes Receivable June 30, 2011	
Taxes	Interest	Lien Fees	Total	Overpayments				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	31,403	-	92,774	-
-	-	-	-	-	68,252	-	95,528	-
151	-	-	151	55,478	-	95,747	-	-
-	-	-	-	38,942	-	92,309	-	-
725	-	-	725	61,990	-	69,783	-	-
468	-	-	468	84,243	-	58,121	-	-
711	-	-	711	94,411	-	56,287	-	-
584	-	-	584	102,456	-	61,780	-	-
3,392	2,211	-	5,603	137,311	-	69,157	-	-
1,120	154	-	1,274	161,491	-	90,747	-	-
10,813	5,388	48	16,249	112,076	-	99,674	-	-
146,329	52,714	1,182	200,225	51,043	-	129,460	-	-
1,165,203	202,529	6,522	1,374,254	120,952	-	554,486	-	-
131,502,151	449,369	3,799	131,955,319	71,325	-	1,944,470	-	-
<u>\$ 132,831,647</u>	<u>\$ 712,365</u>	<u>\$ 11,551</u>	<u>\$ 133,555,563</u>	<u>\$ 1,191,373</u>	<u>\$ -</u>	<u>\$ 3,510,323</u>	<u>\$ -</u>	<u>\$ -</u>

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