

**TOWN OF HAMDEN**

**AUDIT REPORT**

**JUNE 30, 2013**

2

TOWN OF HAMDEN, CONNECTICUT

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## LEVITSKY & BERNEY

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS  
100 BRADLEY ROAD • WOODBRIDGE, CONNECTICUT 06525-2394  
203 389-5371 • FAX 203 389-4430

### INDEPENDENT AUDITOR'S REPORT

Legislative Council  
Town of Hamden, Connecticut  
Hamden CT 06514

#### **Report on the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of activities of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hamden, Connecticut as of June 30, 2013, and the respective changes in the financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3a through 3g and the pension and other post employment benefit information provided on RSI-1 and RSI-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standard generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

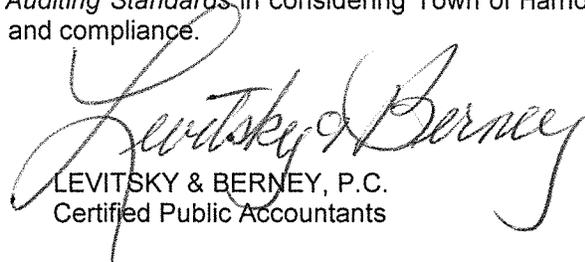
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Hamden, Connecticut's basic financial statements. The combining schedules are presented for additional analysis and are not a required part of the basic financial statements.

The combining schedules is the responsibility of management and was derived from and directly related to the underlying accounting and other records used to prepare the basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Hamden, Connecticut's internal control over financial reporting and compliance.



LEVITSKY & BERNEY, P.C.  
Certified Public Accountants

January 2, 2014

# Town of Hamden, Connecticut Management's Discussion and Analysis June 30, 2013

Our discussion and analysis of the financial performance of the Town of Hamden, Connecticut (the "Town"), provides an overview of the Town's financial activities for the fiscal year ended June 30, 2013. 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 position on June 30, 2013, of (\$198,913,282). The increase in deficit from FY2012 concerns primarily liabilities associated with pension and other post-employment benefits.
- On a government-wide basis, during the year, the Town's net position decreased by \$40,450,181.
- 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 \$3,544,494, a decrease of \$9,943,598 from the prior fiscal year fund balance of \$13,488,092. The increase in temporary borrowing through bond anticipation notes was the cause of the decrease.
- At the end of the 2013 fiscal year, the total fund balance for the General Fund alone was \$1,689,070, an increase of \$494,079 from the prior fiscal year. The total General Fund balance at year-end represents .8% of the total General Fund expenditures of \$201,069,301 for the fiscal year ending June 30, 2013.
- The Town of Hamden's total long-term bonded indebtedness decreased by \$13,238,863 during the current fiscal year to \$129,975,000 through general fund payments and refunding of debt.

## 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 in exhibits A and B of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control 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, the Memorial Town Hall Fund, and the Capital Project Fund. Data from the other governmental funds are combined into a single, aggregated presentation as Nonmajor Governmental Funds.

The Town of Hamden adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the authorized budget. The statement of revenues and expenditures on a budgetary basis can be found in exhibit F. 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 in exhibits C and D 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 in Exhibits G, H and I of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to 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 in Exhibit J and K of this report

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the Exhibits in 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 \$198,913,282 on June 30, 2013. The growth in the deficit from FY2013 to FY2012 concerns primarily liabilities associated with pension and other post-employment benefits.

#### **Town of Hamden, Connecticut Summary Statement of Net Assets (Deficit)**

	June 30, 2013	June 30, 2012
Current and other assets	43,617,424	38,530,600
Capital assets	249,949,352	250,386,409
<b>Total assets</b>	<b>293,566,776</b>	<b>288,917,009</b>
Other liabilities	31,774,704	23,052,100
Long-term liabilities	460,705,354	424,929,946
<b>Total liabilities</b>	<b>492,480,058</b>	<b>447,982,046</b>
Net assets (deficit):		
Investment in capital assets - net of related debt	114,791,519	122,583,892
Restricted	9,413	1,417,170
Unrestricted (deficit)	(313,714,214)	(283,066,099)
<b>Total net assets (deficit)</b>	<b>(198,913,282)</b>	<b>(159,065,037)</b>

By far the largest portion of the Town of Hamden's net assets (deficit) 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 and the unrestricted deficit position related to the net retirement obligations, .

Town of Hamden, Connecticut  
Summary Statement of Activities

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	June 30, 2013	June 30, 2012
<b>Operating Revenues:</b>		
Charges for services	\$ 6,800,005	7,456,859
Operating grants and contributions	44,206,414	40,799,215
Capital grants and contributions	1,608,539	3,485,822
<b>General revenues:</b>		
Property taxes	148,598,770	141,101,541
Grants not restricted to specific purposes	8,084,101	5,044,633
Unrestricted investment earnings	81,423	57,819
Miscellaneous	887,317	843,090
Bond premiums	-	-
<b>Total revenues</b>	<b>\$ 210,266,569</b>	<b>198,788,979</b>
<b>Expenses:</b>		
General government	17,970,793	19,537,699
Education	149,599,746	143,825,365
Public safety	40,088,683	35,190,149
Public works	27,647,569	24,794,603
Health and welfare	3,445,439	2,210,476
Culture and recreation	4,448,724	3,851,179
Interest on long-term debt	7,515,796	5,581,941
<b>Total expenses</b>	<b>\$ 250,716,750</b>	<b>234,991,412</b>
Changes in net assets (deficit)	<b>\$ (40,450,181)</b>	<b>(36,202,433)</b>
Net assets (deficit), beginning (restated)	<b>\$ (158,463,101)</b>	<b>(122,862,604)</b>
Net assets (deficit), ending	<b>\$ (198,913,282)</b>	<b>(159,065,031)</b>

Hamden's net deficit position increased by \$39,848,251 during the fiscal year. This increase in the deficit is principally due to the change in other post-employment and pension benefits.

**Governmental Activities**

For governmental activities, approximately 71% of the revenues were derived from property taxes, followed by approximately 25% from intergovernmental revenues.

Major revenue factors included:

- Property tax revenue increased by \$7,497,229 due to a mill rate increase.

For governmental activities, approximately 60% of the Town's expenses relate to education, 7% relate to general government, 11% relate to public work operations, 16% 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 \$38,082,404 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, unassigned 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 \$1,689,070.

As stated earlier, the fund balances of the Town of Hamden's general fund increased by \$494,079 during the current fiscal year. This increase was due to higher than expected revenues from property taxes and lower than expected operating expenditures.

The Memorial Town Hall Fund had a fund balance of \$2,580,239. The decrease in fund balance of \$4,032,018 was primarily due to the expenditures of previously bonded funds..

The Capital Project Fund had an decrease in fund balance of \$5,714,065, principally due to expenditures of previously bonded funds and additional temporary borrowings.

**Proprietary Funds.** The deficit of the Internal Service Funds at the end of the year was \$5,821,024, a decrease in deficit of \$440,950 over the prior year due to increased funding and less claims. In addition, a favorable prior period adjustment was made to record the incurred but not reported at a discount rate rather than the previously reported gross rate..

### **General Fund Budgetary Highlights**

During the year, actual revenues and other financing sources were \$191,284,587, which were lower than budgetary estimates by \$1,778,607.

Actual expenditures and transfers out on a budgetary basis totaled \$190,588,283 or \$2,484,911 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, 2013, amounts to \$407 million on a gross basis and \$250 million net of accumulated depreciation. This investment in capital assets includes land, buildings, land improvements, machinery and equipment, park facilities, roads and bridges.

<b>Town of Hamden, Connecticut</b>		
<b>Capital Assets Net of Depreciation</b>		
	<b>June 30, 2013</b>	<b>June 30, 2012</b>
Governmental funds capital assets:		
Land	\$ 18,281,108	\$18,281,108
Land improvements	15,736,622	16,914,375
Buildings and improvements	145,450,401	149,297,210
Machinery and equipment	5,029,564	3,728,839
Infrastructure	21,073,938	25,530,865
Construction in progress	44,377,719	36,634,012
<b>Total</b>	<b>\$ 249,949,352</b>	<b>\$250,386,409</b>

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 7 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town of Hamden had total bonds payable outstanding of \$129,975,000, compared to \$143,055,000 at the beginning of the year. 100% of this debt is backed by the full faith and credit of the Town government. Upon issuance of the municipal bond insurance policy at the time of delivery of the bonds by Assured Guaranty Municipal Corp., the bonds were rated on April 16, 2013 to be "A3" by Moody's Investor's Service and "A" by Standard & Poor's.

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

## **Economic Factors and 2013/2014 Budgeting Information**

The Town has not been immune from the effects of the national economic downturn. As of June 2013, the unemployment rate for the Hamden labor market area was 7.7%, compared with 8.3% for the prior June. Connecticut's overall unemployment rate stood at 8.5% in June 2013, compared with 8.7% the previous June.

**FY 2012/2013**

- . The Town's mill rate was 37.1370, an increase from 34.77 in FY 2011/2012.
- . The Internal Service Funds reduced their fund deficit as a result of lower claims expense.

**FY 2013/2014**

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").

**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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STATEMENT OF NET POSITION  
June 30, 2013

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	Primary Government <u>Governmental Activities</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 30,723,846
Receivables, net	12,872,371
Inventory	21,207
Capital assets:	
Capital assets, not being depreciated	62,658,827
Capital assets, being depreciated, net	<u>187,290,525</u>
<b>Total assets</b>	<b>\$ <u>293,566,776</u></b>
<b>Liabilities:</b>	
Accounts payable and accrued expenses	\$ 10,806,524
Unearned revenue	1,270,268
Accrued interest	2,625,639
External balances	117,273
Bond anticipation notes	16,955,000
Noncurrent liabilities:	
Due within one year	57,645,413
Due in more than one year	<u>403,059,941</u>
<b>Total liabilities</b>	<b>\$ <u>492,480,058</u></b>
<b>Net Position:</b>	
Invested in capital assets, net of related debt	\$ 114,791,519
Restricted	9,413
Unrestricted	<u>(313,714,214)</u>
<b>Total net position</b>	<b>\$ <u>(198,913,282)</u></b>

\* After internal balances have been eliminated

*The accompanying notes are an integral part of the financial statements.*

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF CHANGES IN NET POSITION  
For the Year Ended June 30, 2013

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Services</u>
<b>Primary Government:</b>		
Governmental activities:		
General government	\$ 17,970,793	2,183,869
Public safety	40,088,683	2,862,644
Public works	27,647,569	162,665
Health and welfare	3,445,439	185,331
Cultural and recreation	4,448,724	450,964
Education	149,599,746	932,481
Interest on long-term debt	7,515,796	22,051
<b>Total governmental activities</b>	<b>\$ 250,716,750</b>	<b>6,800,005</b>
<b>Total primary government</b>	<b>\$ 250,716,750</b>	<b>6,800,005</b>

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

EXHIBIT B

Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities Total
2,219,039		(13,567,885)
439,803		(36,786,236)
354,373	1,608,539	(25,521,992)
233,076		(3,027,032)
		(3,997,760)
40,960,123		(107,707,142)
		(7,493,745)
<u>44,206,414</u>	<u>1,608,539</u>	<u>(198,101,792)</u>
<u>44,206,414</u>	<u>1,608,539</u>	<u>(198,101,792)</u>

**General revenues:**

Property taxes	\$ 148,598,770
Grants and contributions not restricted for specific programs	8,084,101
Unrestricted investment earnings	81,423
Other unrestricted income	<u>887,317</u>

**Total general revenues and transfers** \$ 157,651,611

**Change in net position** \$ (40,450,181)

**Net position, beginning** \$ (159,065,031)

**Prior period adjustment** 601,930

**Net Position, beginning restated** \$ (158,463,101)

**Net Position, ending** \$ (198,913,282)

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2013**

	Major Funds				Total Governmental Funds
	General	Memorial Town Hall Projects	Capital Project Fund	Nonmajor Governmental Funds	
<b>Assets</b>					
Cash and cash equivalents	\$ 26,780,644	25,127	240,937	1,247,520	28,294,228
Investments					-
Receivables, net	11,803,117			862,757	12,665,874
Due from other funds	2,653,586	3,296,950	14,891,108	3,103,251	23,944,895
Inventories				21,207	21,207
Prepaid expenses					-
<b>Total assets</b>	<b>\$ 41,237,347</b>	<b>3,322,077</b>	<b>15,132,045</b>	<b>5,234,735</b>	<b>64,926,204</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts and other payables	\$ 7,882,924	741,838	1,969,130	212,632	10,806,524
Due to other funds	22,112,634			1,954,833	24,067,467
Unearned revenues	8,282,451				8,282,451
Payments in advance	1,270,268				1,270,268
Bond anticipation notes			14,200,000	2,755,000	16,955,000
<b>Total liabilities</b>	<b>\$ 39,548,277</b>	<b>741,838</b>	<b>16,169,130</b>	<b>4,922,465</b>	<b>61,381,710</b>
<b>Fund balances:</b>					
Nonspendable	\$			21,207	21,207
Restricted for:					
Donor's intentions				9,413	9,413
Committed for:					
Other		1,756,606	102,904		1,859,510
Assigned	1,135			1,872,017	1,873,152
Unassigned	1,687,935	823,633	(1,139,989)	(1,590,367)	(218,788)
<b>Total fund balances</b>	<b>\$ 1,689,070</b>	<b>2,580,239</b>	<b>(1,037,085)</b>	<b>312,270</b>	<b>3,544,494</b>
<b>Total liabilities and fund balances</b>	<b>\$ 41,237,347</b>	<b>3,322,077</b>	<b>15,132,045</b>	<b>5,234,735</b>	

Amounts reported for governmental activities in the statement of net assets (**Exhibit A**) are different because:

<b>Capital assets</b> used in the governmental activities are not financial resources and therefore, are not reported in the funds.	249,949,352
<b>Other long-term assets</b> are not available to pay for current period expenditures, and, therefore, are deferred in the funds.	8,282,451
<b>Internal service funds</b> are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities column in the statement of net assets.	(5,821,024)
<b>Long-term liabilities</b> , including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(454,868,555)
Net assets of governmental activities ( <b>Exhibit A</b> )	<u>\$ (198,913,282)</u>

The accompanying notes are an integral part of the financial statement.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2013**

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Memorial Town Hall Projects	Capital Projects		
<b>Revenues:</b>					
Property taxes and assessments	\$ 149,054,322				149,054,322
Intergovernmental	45,338,028			10,275,633	55,613,661
Charges for services	5,589,997			572,811	6,162,808
Investment income	81,423				81,423
Miscellaneous	789,081			247,823	1,036,904
<b>Total revenues</b>	<b>\$ 200,852,851</b>	<b>-</b>	<b>-</b>	<b>11,096,267</b>	<b>211,949,118</b>
<b>Expenditures:</b>					
Current:					
General government	\$ 8,944,860				8,944,860
Public safety	23,816,313			1,997,979	25,814,292
Public works	12,509,676				12,509,676
Public health	1,592,332			424,546	2,016,878
Culture and recreation	2,534,291			448,179	2,982,470
Education	91,359,833			7,289,782	98,649,615
Other	44,031,488	337,411		817,969	45,186,868
Capital outlay		3,804,607	5,540,503	1,028,597	10,373,707
Debt service	16,280,508				16,280,508
<b>Total expenditures</b>	<b>\$ 201,069,301</b>	<b>4,142,018</b>	<b>5,540,503</b>	<b>12,007,052</b>	<b>222,758,874</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (216,450)</b>	<b>(4,142,018)</b>	<b>(5,540,503)</b>	<b>(910,785)</b>	<b>(10,809,756)</b>
<b>Other financing sources (uses)</b>					
Transfer from other funds	\$ 398,562	110,000	225,000	219,191	952,753
Transfer to other funds	(554,191)		(398,562)		(952,753)
Proceeds from sale of bonds	866,158				866,158
<b>Total other financing sources (uses)</b>	<b>\$ 710,529</b>	<b>110,000</b>	<b>(173,562)</b>	<b>219,191</b>	<b>866,158</b>
<b>Net changes in fund balances</b>	<b>\$ 494,079</b>	<b>(4,032,018)</b>	<b>(5,714,065)</b>	<b>(691,594)</b>	<b>(9,943,598)</b>
<b>Fund balances (deficits) - beginning</b>	<b>1,194,991</b>	<b>6,612,257</b>	<b>4,676,980</b>	<b>1,003,864</b>	<b>13,488,092</b>
<b>Fund balances (deficits) - ending</b>	<b>\$ 1,689,070</b>	<b>2,580,239</b>	<b>(1,037,085)</b>	<b>312,270</b>	<b>3,544,494</b>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2013

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Differences in amounts reported for government wide activities in the Statement of Activities are due to:

Net change in fund balances - total governmental funds ( <b>Exhibit D</b> )	\$ (9,943,598)
Governmental funds report <b>capital outlays</b> 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.	(437,057)
<b>Revenues</b> previously recognized in the statement of activities that provided current financial resources in the current year.	(2,170,608)
The issuance of <b>long-term debt</b> (e.g., bonds, leases) provide 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 position. 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.	(28,339,868)
The net expense of certain activities of <b>internal service funds</b> is reported with governmental activities.	<u>440,950</u>
Change in net position of governmental activities ( <b>Exhibit B</b> )	<u>\$ (40,450,181)</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 150,765,467	150,665,467	149,054,302	(1,611,165)
Intergovernmental	34,817,325	34,947,273	34,540,374	(406,899)
Charges for services	3,519,813	3,855,273	3,394,893	(460,380)
Investment income	97,500	97,500	81,423	(16,077)
Licenses, permits and fees	1,920,523	1,920,523	2,159,498	238,975
Other revenues	721,000	721,000	892,186	171,186
<b>Total revenues</b>	<b>\$ 191,841,628</b>	<b>192,207,036</b>	<b>190,122,676</b>	<b>(2,084,360)</b>
<b>Expenditures:</b>				
Current:				
General government	\$ 9,185,534	9,150,030	8,944,887	205,143
Public safety	23,778,708	23,886,132	23,816,314	69,818
Public works	11,816,651	12,897,396	12,509,675	387,721
Health and welfare	1,573,632	1,613,522	1,592,332	21,190
Cultural and recreation	2,784,704	2,559,290	2,534,290	25,000
Education	80,300,000	80,300,000	80,288,789	11,211
Other	46,183,887	45,796,316	44,031,488	1,764,828
Debt service:				
Principal retirements	11,139,000	11,139,000	11,139,000	-
Interest and other charges	5,730,512	5,731,508	5,731,508	-
<b>Total expenditures</b>	<b>\$ 192,492,628</b>	<b>193,073,194</b>	<b>190,588,283</b>	<b>2,484,911</b>
<b>Revenues over (under) expenditures</b>	<b>\$ (651,000)</b>	<b>(866,158)</b>	<b>(465,607)</b>	<b>400,551</b>
<b>Other financing sources (uses):</b>				
Premium on debt issuance	\$ 651,000	866,158	866,158	-
Transfers In	-	-	295,753	295,753
<b>Total other financing sources (uses)</b>	<b>\$ 651,000</b>	<b>866,158</b>	<b>1,161,911</b>	<b>295,753</b>
<b>Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>-</b>	<b>696,304</b>	<b>696,304</b>

**Less:**

Education's building fund net activity	(5,919)
Timing differences in Education Budget and accrual basis	(197,441)
Net Change in unassigned fund balance	\$ 492,944
Unassigned fund balance, July 1, 2012	1,194,991
Unassigned fund balance, June 30, 2013	\$ 1,687,935

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

STATEMENT OF NET FUND POSITION  
 PROPRIETARY FUNDS  
 June 30, 2013

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	<u>Governmental Activities Internal Service Funds</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 2,429,618
Receivables, net of allowance	206,497
Due from other funds	5,299
<b>Total assets</b>	<u>\$ 2,641,414</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable & accrued liabilities	\$ 719,013
Due to other funds	
<b>Total current liabilities</b>	<u>\$ 719,013</u>
Noncurrent liabilities:	
Incurred, but not reported claims	\$ 7,743,425
Notes payable, less current portion	
<b>Total noncurrent liabilities</b>	<u>\$ 7,743,425</u>
<b>Total liabilities</b>	<u>\$ 8,462,438</u>
<b>Net Fund Position</b>	
Unrestricted	(5,821,024)
<b>Total net fund position</b>	<u>\$ (5,821,024)</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION  
 PROPRIETARY FUNDS  
 For the Year Ended June 30, 2013

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	<u>Governmental Activities Internal Service Funds</u>
<b>Operating revenues:</b>	
Charges for services	\$ 34,639,455
Employer's contribution	488,059
<b>Total operating revenues</b>	<u>\$ 35,127,514</u>
<b>Operating expenses:</b>	
Salaries and benefits	\$
Claims	34,686,564
Material and supplies	
Utilities	
Depreciation	
Administration and operation	
<b>Total operating expenses</b>	<u>\$ 34,686,564</u>
<b>Operating income (loss)</b>	<u>\$ 440,950</u>
 <b>Change in Net Fund Position</b>	 \$ 440,950
<b>Net Fund Position, beginning</b>	(6,863,904)
Prior Period Adjustment	601,930
Net Fund Position, beginning restated	<u>\$ (6,261,974)</u>
<b>Net Fund Position, ending</b>	<u>\$ (5,821,024)</u>

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

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended June 30, 2013

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
<b>Cash Flows From Operating Activities</b>	
Receipts from customers	\$ 35,113,528
Payments to suppliers	
Payments to employees	(34,197,810)
Internal activity-payments from (to) other funds	
<b>Net cash flows from operating activities</b>	<u>\$ 915,718</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ 915,718
<b>Cash and Cash Equivalents, beginning</b>	<u>1,513,900</u>
<b>Cash and Cash Equivalents, ending</b>	<u>\$ 2,429,618</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In)</b>	
<b>Operating Activities:</b>	
Operating Income (Loss)	\$ 440,950
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Depreciation	
Changes in assets and liabilities:	
Decrease (increase) in receivable accounts	(13,439)
Decrease (increase) in due from other funds	
Increase (decrease) in accounts payable	67,526
Increase (decrease) in payments in advance	
Increase (decrease) in due to other funds	
Increase (decrease) in claims incurred but not reported	<u>420,681</u>
<b>Net cash flows from operating activities</b>	<u>\$ 915,718</u>

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

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2013

	Pension Trust Fund	Private Purpose Trust Fund	Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 2,412,884	391,918	629,621
Investments, at fair value:			
Common stocks	20,359,192		
Mutual funds	29,193,503		
Accounts receivable	180,127		
Interfund receivable		117,273	
Prepaid expenses	14,617		
<b>Total assets</b>	<b>\$ 52,160,323</b>	<b>509,191</b>	<b>629,621</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 67,668		
Other liabilities		325	
Held for deposit for others			629,621
<b>Total liabilities</b>	<b>\$ 67,668</b>	<b>325</b>	<b>629,621</b>
<b>Net Position:</b>			
Net Position - Restricted for Pension Benefits	\$ 52,092,655	508,866	-

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 For the Year Ended June 30, 2013

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	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>		
<b>Contributions:</b>		
Town of Hamden	\$ 9,340,000	
Employees	2,153,222	
Other		377,227
<b>Total contributions</b>	<u>\$ 11,493,222</u>	<u>377,227</u>
<b>Investment earnings:</b>		
Net increase in fair value of investments	\$ 3,783,791	
Interest and dividends	1,521,528	160
Less: Investment expenses	(177,385)	
<b>Total investment earnings</b>	<u>\$ 5,127,934</u>	<u>160</u>
<b>Total additions</b>	<u>\$ 16,621,156</u>	<u>377,387</u>
<b>DEDUCTIONS</b>		
Benefits paid to participants	\$ 22,346,744	
Administrative Expenses	101,595	
Other deductions		212,121
<b>Total deductions</b>	<u>\$ 22,448,339</u>	<u>212,121</u>
<b>Change in net position</b>	<u>\$ (5,827,183)</u>	<u>165,266</u>
<b>NET POSITION, beginning</b>	<u>\$ 57,919,838</u>	<u>343,600</u>
<b>NET POSITION, ending</b>	<u>\$ 52,092,655</u>	<u>508,866</u>

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

# TOWN OF HAMDEN, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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### Note 1 - Summary of Significant Accounting Policies

#### Reporting Entity

The Town of Hamden, Connecticut (the "Town") was founded in 1664 and incorporated as a Town 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 and 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.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

#### **Government-wide financial statements**

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

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

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

## TOWN OF HAMDEN, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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As a general rule, the effect of inter-fund activity, or internal balances, has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the business-type funds and the various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

#### **Fund financial statements**

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

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

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real estate taxes are payable in two installments (July 1 and January 1). Personal property taxes are payable annually (July 1) and motor vehicle taxes are due in one single payment on July 1. Liens are filed on delinquent real estate taxes within one year. Revenues from property taxes are recognized when they become available. Available means due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers property tax revenue to be available if they are collected within 60 days of the end of the fiscal year.

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

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

## TOWN OF HAMDEN, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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The Town reports the following major governmental funds:

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

The **Memorial Town Hall Fund** accounts for the activities of the Memorial Town Hall construction, which is a separately stated Capital project funded mainly through general obligation bonds to construct and revitalize the Town's historical Town Hall.

The **capital projects fund** is used to account for resources used for capital expenditures or for the acquisition or construction of capital facilities, improvements and equipment. Most of the capital outlays are financed by the issuance of general obligation bonds and capital grants. Other sources include current tax revenues and low interest state loans.

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.

The **permanent fund** is used to account for assets which are committed to specific purposes. Additionally, the government reports the following other fund types:

Additionally, the Town reports the following fund types:

The **internal service fund** account for employee medical and workers' compensation insurance provided to employees of the Town.

The **private-purpose trust fund** is used to account for assets held by the Town in a trustee capacity or as an agent on behalf of others.

The **agency funds** account for monies held as a custodian for outside groups and agencies such as student activity funds, senior trip funds and performance bonds.

The **pension trust fund** is used to account for the accumulation of resources to be used for retirement benefits.

## TOWN OF HAMDEN, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for the internal service funds include the cost of providing administering the employee benefits. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### 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 THE FINANCIAL STATEMENTS, Continued June 30, 2013

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#### Assets, Liabilities and Net Assets or Equity

##### **Cash and cash equivalents**

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

##### **Investments**

Investments are stated at the fair value using 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 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.

##### **Inventories**

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

##### **Receivables and payables**

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

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**Capital assets**

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the net assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Asset</u>	<u>Years</u>
Land Improvements	20
Buildings and improvements	25-50
Infrastructure	10-65
Machinery and equipment	5-20

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

**Compensated absences**

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

**Deferred revenue**

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

## TOWN OF HAMDEN, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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#### Long-term obligations

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

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

#### Fund equity and net position

In the government-wide financial statements, net position is classified in the following categories:

***Investment in capital assets, net of related debt*** - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

The ***restricted net position*** represent amounts of external restrictions imposed by creditors, grantors, contributors and laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The ***unrestricted net position*** represents the net position of the Town which is not restricted for any project or other purpose.

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

The **nonspendable fund balances** are those net assets that are not in expendable form or are legally or contractually required to be maintained.

The ***restricted fund balances*** are defined in the same manner as for the restricted government-wide net assets.

The ***Committed fund balances*** are those balances that can only be used for a specific purpose as a result of constraints imposed by formal action of the government's highest level of decision-making authority. For the *Town of Hamden*, that was considered to be the Board of Aldermen.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

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**Assigned fund balances** are amounts that are contained by the government's intent to be used as a specific purpose.

**Unassigned fund balance** is defined as the residual classification for the general fund and includes those remaining balances that cannot be categorized in the four categories.

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.

**Note 2 - Budgets and Budgetary Accounting**

General Fund

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.

There were no additional appropriations for the year ended June 30, 2013.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
 June 30, 2013

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

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

	<u>Revenues</u>	<u>Expenditures and Encumbrances</u>
<b>Balance, budgetary basis</b>	\$ 190,122,676	190,588,283
The pay down of debt by the General Fund on-behalf of the capital projects fund was reclassified as other financial uses		(589,000)
Board of Education maintains a <b>school building fund</b> , which operates separately than the Town's Budget	(67,479)	74,923
<b>State Teachers' Retirement</b> "on-behalf" payment, not recognized for budgetary purposes	8,912,577	8,912,577
The budgetary expenditure for education was netted against the amount received from the <b>Excess cost sharing state grant</b>	1,885,077	1,885,077
<b>Timing differences</b> between the Town's Education expense and the accrual basis of Accounting		197,441
<b>Balance, GAAP basis</b>	<u>\$ 200,852,851</u>	<u>201,069,301</u>

Special Revenue Funds

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

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Capital Projects Funds

Legal authorization for expenditures of the Capital Projects Funds is provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut State Statutes. Capital appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned.

**Note 3 - Reconciliation of Government-wide and Fund Financial Statements**

Explanation of Certain Differences between the Government Fund Balance Sheet and the Government-wide Statement of Net Position

The details of the components included in Exhibit C are as follows:

**Capitalized assets** are expensed in the fund financial statements in the period the expense is incurred while the expense is incurred over the useful life of the related asset in the government-wide financial statements:

Land	\$	18,281,108
Construction in progress		44,377,719
Net capital assets being depreciated		<u>187,290,525</u>
Net adjustment to increase fund balance to arrive at net assets of government activities	\$	<u>249,949,352</u>

**Long-term liabilities**, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The detail of this difference is as follows:

Long-term debt	\$	(129,975,000)
Deferred charges on debt		(5,182,833)
Net Obligations on retirement plans		(299,787,827)
Compensated Absences		(7,059,459)
Heart and Hypertension		(5,639,397)
Landfill Closure		(98,400)
Claims and Judgments		(4,500,000)
Accrued interest on debt		<u>(2,625,639)</u>
Net adjustment to reduce fund balance to arrive at net assets of government activities	\$	<u>(454,868,555)</u>

**Other long-term assets** are not available to pay for current period expenditures, and, therefore, are deferred in the funds. This amount includes the following:

Delinquent property tax and interest	\$	3,240,218
Noncurrent account receivable		<u>5,042,233</u>
Net adjustment to increase fund balance to arrive at net assets of government activities	\$	<u>8,282,451</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
 June 30, 2013

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position 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:

Acquisitions	\$ 10,403,707
Depreciation	<u>(10,840,764)</u>
Net Adjustment to increase net changes in fund balances to arrive at changes in net assets of governmental activities	<u>\$ (437,057)</u>

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

Payments of debt	\$ 13,238,863
Premium and savings on new issuances	(4,210,454)
Amortization of bond premiums and savings	381,627
Net change in net obligation on retirement plans	(38,082,410)
Net change in other long-term liabilities	<u>332,506</u>
Net adjustment to reduce net changes in fund balances to arrive at changes in net position of governmental activities	<u>\$ (28,339,868)</u>

**Note 4 - Deposits and Investments**

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

	<u>Deposit</u>	<u>Investments</u>	<u>Total</u>
<b>Cash and cash equivalents:</b>			
Governmental Funds	\$ 27,189,418	1,104,810	28,294,228
Internal Service Funds	2,429,618		2,429,618
Fiduciary funds	3,434,423		3,434,423
<b>Investments:</b>			
Fiduciary funds(pension)		<u>49,552,695</u>	<u>49,552,695</u>
<b>Total Deposits and Investments</b>	<u>\$ 33,053,459</u>	<u>50,657,505</u>	<u>83,710,964</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

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Deposits

The carrying amounts of the Town's deposits at June 30, 2013 consist of the following:

Bank Deposit Accounts	\$	33,037,263
Certified Deposits		10,795
Cash on Hand		<u>5,401</u>
Total Deposits	\$	<u>33,053,459</u>

**Custodial Credit Risk**

As of June 30, 2013, the carrying amount of the Town's deposits had bank balances of approximately \$34,086,430. The amount of the bank balance covered under federal depository insurance was approximately \$859,000. The remaining deposits were uninsured, however, provisions of the Connecticut General Statutes provide for protection against loss in excess of deposit insurance by requiring all qualified public depositories to maintain segregated collateral for public deposits. As of June 30, 2013 approximately \$3,490,000 of uninsured deposits were collateralized under the provision.

Investments

As of June 30, 2013, the Town held the following investments:

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value</u>	<u>Weighted Average to Maturity (years)</u>	<u>Risk</u>
State Investment Fund	General Fund	\$ 75,625	.02	-
Money Market Account	General Fund	1,029,185	.02	-
Common Stock	Trust Funds	20,359,192	n/a	-
Mutual Funds	Trust Funds	<u>29,193,503</u>	n/a	-
Total Investments		\$ <u>50,657,505</u>		

**Interest Rate Risk**

Interest rate risk is the risk that changes in the market interest rates which will adversely affect the fair value of an investment. The Town has no formal policy specifically related to interest rate risk. The Town minimizes its exposure to interest rate risk by investing its operating funds in short-term investments.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the Town's policy to invest only in securities that meet the ratings requirements set by General State Statute Chapter 112, Section 7-400 as follows:

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

**Investment Policies**

The Town maintains an investment policy, which excludes certain private purpose fund investments. The Town's investment policy strictly prohibits all funds to invest in investments not included in Chapter 12, Section 7-400 of the State Connecticut's General Statutes.

**Note 5 - Receivables, Payables, and Unearned or Unavailable Funds**

The receivables as of June 30, 2013 for the Town's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Non-major Funds</u>	<u>Internal Service</u>	<u>Total</u>
Property taxes	\$ 4,051,192			4,051,192
Intergovernmental	7,287,196	862,757		8,149,953
Accounts	464,729		206,497	671,226
<b>Net Total Receivables</b>	<b>\$ 11,803,117</b>	<b>862,757</b>	<b>206,497</b>	<b>12,872,371</b>

Unearned and Unavailable Funds

Governmental funds did not recognize revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities in the current period. Governmental funds also did not recognize revenue recognition in connection with resources that have been received but not yet earned. At the end of the fiscal year the components of receipts not recognized and unearned revenues reported in the governmental fund were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<b>General Fund:</b>			
Delinquent property taxes	\$ 3,240,219		3,240,219
Overpayments		1,270,268	1,270,268
Advanced payments on grants	5,042,233		5,042,233
<b>Total Deferred Revenue</b>	<b>\$ 8,282,451</b>	<b>1,270,268</b>	<b>9,552,719</b>

Payables

Payables as of June 30, 2013 for the Town's individual major funds and non-major funds were as follows:

	<u>Vendors</u>	<u>Payroll</u>	<u>Cash Overdraft</u>	<u>Total</u>
General Fund	\$ 1,566,861	6,316,063		7,882,924
Memorial Town Hall	741,838			741,838
Capital Projects Fund	1,969,130			1,969,130
Non-major Funds	210,269		2,363	212,632
<b>Total governmental funds</b>	<b>\$ 4,488,098</b>	<b>6,316,063</b>	<b>2,363</b>	<b>10,806,524</b>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
 June 30, 2013

Temporary Notes Payables

**Bond anticipation notes**

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

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Ending Balance</u>
<b>Bond anticipation notes:</b>				
	\$ 1,070,000		1,070,000	-
August 2012 BAN		480,000		480,000
April 2012 BAN		2,500,000		2,500,000
May 2013 BAN		<u>13,975,000</u>		<u>13,975,000</u>
Total governmental funds	<u>\$ 1,070,000</u>	<u>16,955,000</u>	<u>1,070,000</u>	<u>16,955,000</u>

**Note 6 - Inter-fund Receivables, Payables and Transfers**

Inter-funds Receivables and Payables

Inter-fund receivables and payables at June 30, 2013 consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 2,653,586	22,112,634
Memorial Town Hall	3,296,950	
Capital Projects	14,891,108	
Nonmajor	3,103,251	1,954,833
Internal Service Fund	5,299	
Private Purpose Trusts	117,273	
	<u>\$ 24,067,467</u>	<u>24,067,467</u>

Inter-fund Transfers

The general fund paid down on taxable short-term notes maintained in two capital project funds in the amount of \$554,191.

Residual equities in the capital project funds, which were the result of capital expenditures being less than originally estimated, were returned back to the general fund. This amount was \$398,562.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 18,281,108			18,281,108
Construction in progress	36,634,012	7,743,707		44,377,719
Total capital assets, not being deprec.	<u>\$ 54,915,120</u>	<u>7,743,707</u>	<u>-</u>	<u>62,658,827</u>
Capital assets being depreciated:				
Land Improvements	\$ 23,703,668			23,703,668
Buildings and improvements	203,457,397	213,876	1,107,800	202,563,473
Machinery and equipment	26,765,067	2,446,124		29,211,191
Infrastructure	89,028,477			89,028,477
Total capital assets being depreciated	<u>\$ 342,954,609</u>	<u>2,660,000</u>	<u>1,107,800</u>	<u>344,506,809</u>
Less: Accumulated depreciation:				
Land Improvements	\$ 6,789,293	1,177,753		7,967,046
Buildings and improvements	54,160,187	4,060,685	1,107,800	57,113,072
Machinery and equipment	23,036,228	1,145,399		24,181,627
Infrastructure	63,497,612	4,456,927		67,954,539
Total accumulated depreciation	<u>\$ 147,483,320</u>	<u>10,840,764</u>	<u>1,107,800</u>	<u>157,216,284</u>
<b>Net capital assets, being depreciated</b>	<u>\$ 195,471,289</u>	<u>(8,180,764)</u>	<u>-</u>	<u>187,290,525</u>
<b>Total capital assets, governmental</b>	<u>\$ 250,386,409</u>	<u>(437,057)</u>	<u>-</u>	<u>249,949,352</u>

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

<b>Governmental Activities:</b>	
General government	\$ 599,716
Education	2,563,093
Public safety	373,833
Public works	7,091,453
Health and welfare	87,488
Community services	<u>125,181</u>
<b>Total depreciation expense- governmental activities</b>	<u>\$ 10,840,764</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

**Note 8 - Long-Term Liabilities**

Long-term debt liabilities activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due In One Year</u>
<b>Governmental Activities:</b>					
Long-Term Debt:					
General obligation bonds	\$ 118,350,000	54,120,000	42,495,000	129,975,000	10,935,000
Capital leases	158,863		158,863	-	
Bond Anticipation notes	<u>24,705,000</u>		<u>24,705,000</u>	-	
Total Long-Term Debt	\$ <u>143,213,863</u>	<u>54,120,000</u>	<u>67,358,863</u>	<u>129,975,000</u>	<u>10,935,000</u>
Deferred amount on:					
(Gain) Loss on Refunding		300,743		300,743	
Bond costs			657,386	(657,386)	
Bond premium	<u>1,028,279</u>	<u>4,671,770</u>	<u>160,573</u>	<u>5,539,476</u>	
Net long-term debt	\$ 144,242,142	59,092,513	68,176,822	135,157,833	10,935,000
Other Long-Term Liabilities:					
Net pension obligation	161,294,925	28,198,938	9,340,000	180,153,863	27,600,000
Net OPEB obligation	100,410,498	33,920,115	14,696,649	119,633,964	14,700,000
Compensated Absences	8,553,094		1,493,635	7,059,459	3,300,000
Claims Payable	7,419,552	1,042,886		8,462,438	719,013
Heart and hypertension	5,777,125	234,812	372,540	5,639,397	375,000
Landfill	152,162		53,762	98,400	16,400
Claims and judgments	<u>4,500,000</u>			<u>4,500,000</u>	
Total governmental activities long-term liabilities	\$ <u>432,349,498</u>	<u>122,489,264</u>	<u>94,133,408</u>	<u>460,705,354</u>	<u>57,645,413</u>

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business type activities and are direct obligations and pledge the good faith and credit of the government. Certain general obligation bonds are to be repaid by revenues of the enterprise funds. These bonds generally are issued as 5 year and 20 year serial bonds with equal amounts of principal maturing each year. As of June 30, 2013, the outstanding general obligation bonded indebtedness of the Town was as follows:

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

	<u>General</u>	<u>Refunding</u>
<b>\$20,935,000 G.O.B. 2003</b> , issue of 6/15/2003, due 7/15/2013, interest at 3.125%, annual principal payments of \$1,330,000	\$ 1,330,000	
<b>\$23,325,000 G.O.B. refunding 2004</b> , issue of 6/15/2004 due 7/15/2020, interest at 3.75% to 5%, annual principal payments of \$2,095,000 to \$640,000		12,115,000
<b>\$24,305,000 G.O.B. 2005</b> , issue of 7/15/2005, due 7/15/2013, interest at 5.0%, annual principal payments of \$1,235,000	1,235,000	
<b>\$9,695,000 G.O.B. 2006</b> , issue of 8/1/2006, due 7/15/2013, interest at 5.0%, annual principal payments of \$485,000	485,000	
<b>\$12,215,000 G.O.B. 2009A</b> , issue of 8/15/2009, due 8/15/2029, interest at 3.75% to 4.0%, annual principal payments of \$600,000 to \$625,000	9,740,000	
<b>\$3,190,000 G.O.B. Taxable 2009B</b> , issue of 8/15/2009, due 8/15/2024, interest at 5.0% to 5.5%, annual principal payments of \$ 265,000	3,190,000	
<b>\$4,950,000 G.O.B. Refunding 2010A</b> , issue of 8/15/2010, due 8/15/2020, interest at 3.0% to 4.0%, annual principal payments of \$400,000		3,200,000
<b>\$7,415,000 G.O.B. 2010B Refunding</b> , issue of 8/15/2010, due 8/1/2017, interest at 3.0% to 5%, annual principal payments of \$630,000		5,040,000
<b>\$34,000,000 G.O.B. 2011A</b> , issue of 8/24/2011, due 8/15/2031, interest at 2.0% to 4.25%, annual principal payments of \$1,750,000 to \$10,500,000	28,840,000	
<b>\$13,150,000 G.O.B. refunding 2011B</b> , issue of 9/1/2011, due 7/15/2018, interest at 3.0% to 4.00%, annual principal payments of \$1,235,000 to \$3,335,000		13,150,000
<b>\$24,705,000 G.O.B. 2012</b> , issue of 8/15/12, due 8/15/2032, interest at 2.0% to 5.0%, annual principal payments of \$1,235,000 to \$6,175,000	22,235,000	
<b>\$29,415,000 G.O.B. refunding 2013</b> , issue of 5/2/2013 due 8/25/2025 with interest of 5.0% and annual principal payments of \$2,685,000 to 3,835,000		29,415,000
<b>Total general obligation bonds</b>	<u>\$ 67,055,000</u>	<u>62,920,000</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

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

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2014	\$ 10,935,000	5,039,699
2015	7,935,000	4,616,008
2016	7,410,000	4,312,358
2017	8,470,000	4,022,779
2018	10,695,000	3,659,188
2019-2022	84,530,000	18,976,180
<b>Total</b>	<b>\$ 129,975,000</b>	<b>40,626,212</b>

**Bonds authorized but unissued**

Under regulations issued by the Internal Revenue Service, effective March 2, 1992, in order for capital projects to be funded through tax-exempt debt, all projects must be appropriated and designated as being funded through debt prior to any expenditure on these projects.

The Town has authorized but unissued bonds relating to capital projects at June 30, 2013, as follows:

Sewer	\$ -
General purpose	20,791,996
Schools	<u>820,732</u>
<b>Total</b>	<b><u>\$ 21,612,728</u></b>

**Legal debt limit**

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

Category	Debt Limit	Indebtedness	Balance
General	\$ 335,809,107	107,646,868	228,162,239
Pension	447,745,476		447,745,476
Schools	671,618,214	38,702,827	632,915,387
Sewers	559,681,845	195,800	559,486,045
Urban Development	485,057,599		485,057,599

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$1,044,739,444.

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, 2013 was approximately \$1,972,000. Additional payments for principal and interest aggregating approximately \$5,400,000 are to be received through the bonds' maturity dates.

## TOWN OF HAMDEN, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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#### 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, 2013, there is \$89,897,000 of revenue bonds outstanding.

#### Defeased Bonds

The Town has issued general obligation refunding bonds to provide resources to purchase U.S. Governmental, State, and local government securities that were then placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of general obligation bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net assets. The amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The advanced refunding was undertaken to reduce total debt service payments over the next 15 years. The amount deferred was amortized over this period. The amount as of June 30, 2013 that was considered to be defeased was \$24,064,102.

#### Note 9 - Employee Retirement Systems

##### Town Plan

The Town of Hamden is the administrator of a single employer, contributory 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 Plan issues a separate, stand-alone audited financial report. The report can be obtained upon request.

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.

## TOWN OF HAMDEN, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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

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

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 85% except for employees with the required years of service, who were hired before July 1, 1978. As of June 30, 2008, 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 6.5% of their annual covered salary. Guardian employees contribute 8% 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

The Town's annual pension cost and net pension obligation to the Retirement Plan for the current year were as follows:

**Net Pension Obligation**

Annual required contribution	\$ 27,145,128
Interest on net pension obligation	11,290,645
Adjustment to annual required contribution	<u>(10,236,835)</u>
Annual pension cost	\$ 28,198,938
Contributions made	<u>9,340,000</u>
Increase in net pension obligation	\$ 18,858,938
Net pension obligation, beginning of year	<u>161,294,925</u>
Net pension obligation, end of year	<u>\$ 180,153,863</u>

Membership in the Plan consisted of the following at July 1, 2012, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	704
Terminated plan members entitled to, but not yet receiving benefits	30
Active plan members	<u>509</u>
Total	<u><u>1,243</u></u>

**Three Year Trend Information:**

Year Ending	Annual Pension Cost (APC)	Annual Contribution	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$ 21,427,292	6,550,000	30.6 %	142,078,524
6/30/12	22,256,401	3,040,000	13.7	161,294,925
6/30/13	28,198,938	9,340,000	33.1	180,153,863

**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
7/1/2012	\$ 58,842,127	419,266,994	360,424,867	14.3 %	31,241,635	1153.67

Historical Trend Information – The schedules of funding progress, found in the Plan's separate stand alone, audited financial report, 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 involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

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Actuarial assumptions are as follows: Valuation Date:	7/1/12
Actuarial Cost Method:	Entry Age Normal Method
Amortization Method:	Level Percent of Salary Based on 2% Increases
Remaining Amortization Period:	30 Years Closed as of 7/1/2012
Asset Valuation Method:	Market Value, less unrecognized returns in each of the last five years.
Actuarial Assumptions:	
Investment Rate of Return:	7.0%
Projected Salary Increases:	2.5% per year
Cost-of-Living Adjustments	3.00% per year

**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 on or after January 1, 2002, 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:

1. If not covered by Social Security: 2% of the average final compensation times years of service.
2. If covered by Social Security: 1-1/2% of the average final compensation not in excess of the year's breakpoint, plus 2% of the average final compensation in excess of the year's breakpoint, times years of service.

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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3. If any member covered by Social Security retires before age 62, his/her benefit until he/she reaches age 62 or receives a Social Security disability award is computed as if he/she were not under Social Security.

**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.

The required and actual contributions were as follows:

2011	\$	499,985
2012		636,284
2013		923,474

**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 ten years of credited 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 Town/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 \$8,912,577 for the year ended June 30, 2013.

**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 defined benefit post retirement healthcare 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, 2012. The post-employment plan does not issue stand-alone financial reports.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

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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 2013, the Town contributions made on a pay-as-you go basis were \$14,696,649.

Membership in the plan consisted of the following at July 1, 2012, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	1,225
Active plan members	<u>804</u>
Total	<u><u>2,029</u></u>

The calculation of the change in net OPEB obligation for the year ended June 30, 2013 is as follows:

Annual required contribution	\$ 36,186,117
Interest on net pension obligation	4,016,420
Adjustment to ARC	<u>(6,282,422)</u>
Annual OPEB cost	33,920,115
Contributions made	<u>(14,696,649)</u>
Increase in net OPEB liability	19,223,466
Net OPEB obligation, beginning of year	<u>100,410,498</u>
Net OPEB obligation, end of year	<u><u>\$ 119,633,964</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 and based on the valuation at July 1, 2012. 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, 2012 is \$439,980,586.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

**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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/13	\$ 33,920,115	14,696,649	43.3 %	119,633,964
6/30/12	33,055,026	15,847,243	47.9	100,410,498
6/30/11	30,937,360	12,330,071	39.9	83,202,715

**Funded Status and Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Accrued Liability (AAL) Actuarial (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
7/01/12	\$ -	\$ 439,980,586	439,980,586	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.

## TOWN OF HAMDEN, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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

Valuation Date:	July 1, 2012
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Dollar Closed, 30 Years
Remaining Amortization Period:	25 Years as of July 1, 2013
Actuarial Assumptions:	
Investment Rate of Return:	4.0% (pay-as-you-go)
Inflation Rate:	2.0%
Medical Trend Rate:	8.0% graded to 5.00% over 6 years
Prescription Drug Trend:	7.0% graded to 5.00% over 4 years
Dental Cost Trend Rate:	5%
Administrative Expense Trend Rate:	3%

#### **Note 10 - Commitments and Contingencies**

##### Lawsuits

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

##### Environmental Contingency

The Town's Newhall site contains wetlands and low-lying areas that were used by the public for dumping. This was common practice throughout Connecticut until the late 1900's. Public health officials had encouraged the filling of wetlands and low-lying land to protect public health. Today we know that the waste included metals and chemicals that polluted the soil. Although the owners of the polluted properties have changed since the dumping began, it is now the responsibility of the Town of Hamden, the South Central Regional Water Authority, the State Department of Energy and Environmental Protection (DEEP) and Olin Corporation to remediate the pollution. This was established through a legal settlement and a consent order.

Through the consent order, the Town has agreed to remediate Mill Rock Park and the portion of the Hamden Community Center (former Newhall Street School) not owned by the Regional Water Authority. The Town has recorded a long-term liability of \$4.5 million dollars to recognize the estimated local costs of fulfilling the consent order. DEEP released its final remediation standards plan in October 2007.

The Town's residential remediation, comprising more than three hundred individual properties, was completed in 2012. The remediation of two parks is expected to extend from 2014 to 2015, and the remediation efforts of the South Central Regional Water Authority are currently planned for 2015 and 2016.

## TOWN OF HAMDEN, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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#### 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 in 1991. The liability for the landfill post-closure care, aggregating \$98,400, is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfill as of June 30, 2013. 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.

#### Operating Contracts

##### **Municipal solid waste management services contract**

The Town has entered into the municipal solid waste management services contract, as amended, (the Service Contract) with Covanta Projects L.P. of Wallingford pursuant to which it participates with four other Connecticut Municipalities. Under the contract, all curbside solid waste collected in Hamden is transported to Covanta's mass-burn solid waste resource recovery and electric generation facility 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 Covanta contract offers two five year options to extend for any or all of the participating municipalities.

Under the Service 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 payment (the Service Payment). The current fee is \$68 per ton. The aggregated minimum commitment of the five Contracting Municipalities is 66,285 tons per year. The Town's Service Payment commitment is a "put-or-pay" commitment in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the Town must pay the Service Payment for its full portion of the aggregate minimum commitment even if it did not deliver that full portion. Disposal fees are payable, provided 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. If the facility is not able to process this waste, it will be sent to other facilities owned by Covanta at no additional cost to the Town.

As amended, effective February 1, 2012, the service payment applicable in any contract year is calculated by increasing the fee for the immediately preceding contract year by an amount equal to one hundred percent of the percentage increase, if any, in the CPI during the twelve month period ending on March 31<sup>st</sup> of the immediately preceding contract year. However, the annual increase in the fee shall not be less than 1.75%, or more than 3.5% for any contract year.

The amended contract also provides for a reserve account, to be held by Wallingford, for the benefit of the original contracted municipalities, and is to be funded initially with \$2,000,000 from funds paid to the original municipalities by the CRRRA, and thereafter by reserve charges to be collected by Covanta from the original municipalities and their authorized haulers, and remitted to Wallingford for deposit in the reserve account. The Town of Hamden's contribution to the reserve was 23.06% of the total reserve balance requirement, or \$461,200. There were no additional reserve fees added per ton for the year ended June 30, 2013.

## TOWN OF HAMDEN, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2013

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The Town's obligation to pay disposal fees is absolute and unconditional as long as Covanta accepts the Town's solid waste. The Town has pledged its full faith and credit to the payment of disposal fees and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to pay the fees.

#### **Software Maintenance Agreement**

The Town entered into a software license and maintenance agreement on August 13, 2012 with a technology company. The total amount of the lease is \$631,866. The term of the agreement is for three years from September 1, 2012 through August 31, 2015, with payments of \$52,655 due on the first day of each three months (quarterly) until the end of the term.

#### **Bus Service Contract**

The Hamden Board of Education, as of July 1, 2010, has contracted with a school bus service company to supply and maintain school buses (in quantity and capacity) and personnel as required to fulfill Hamden's Public School transportation needs. The term of the contract is for five years ending June 30, 2015. The contract does not include the cost of fuel, which is to be paid for by the Board of Education. The service company carries and pays for the cost of insurance.

Transportation service types vary and the cost of those services vary by mileage rate or hourly rate, depending on the service type. For the current year ending June 30, 2013, and the remaining 2014 and 2015 years, the fees range from \$25.22 and \$49.67 per hour, and \$2.81 and \$2.95 per mile. If transportation needs materially increase or decrease during the contract period, the parties shall negotiate in good faith to adjust rates at which services are provided to cover the cost structure of such changes. For the fiscal year ending June 30, 2013, the amount paid on the service contract was \$5,613,000.

In addition to service fees, the Board of Education pays an annual charge to the service company for the provision of a performance bond, or comparable approved security, and the company's cost of a GPS system. The amounts due under the performance bond provision are \$27,500, \$28,000, and \$28,750 for the years ending June 30, 2013, 2014, and 2015 respectively. Amounts due for the GPS systems are \$425 per vehicle for each year of the contract.

#### Construction Contracts

The Town has several construction contracts in progress at June 30, 2013. A summary of the larger amounts remaining in these contracts is as follows:

Memorial Town Hall	\$ <u>1,756,600</u>
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#### Risk Management and Self-Insurance

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

**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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The Town was a member of the 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, auto and property insurance. The Town is subject to a \$300,000 per claim deductible for workers' compensation claims from July 1, 1999 to June 30, 2009. The Board of Education was covered by CIRMA on a fully insured basis for the same time period.

As of July 1, 2009, the Town and Board of Education became self-insured for workers' compensation coverage. Since July 1, 2010 the reinsurance for workers' compensation self-insurance program is provided through Safety National. 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, Anthem Blue Cross Blue Shield ("the administrator") and are reported as an internal service fund. Medical insurance premiums are based upon estimates by the number of employees and types of coverage (single or family), trends in 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 by not reported, be recorded. The Town maintains stop loss coverage of \$250,000 for individual medical claims.

Payments related to heart and hypertension are administered by the Town and accounted for in the General Fund as liabilities are incurred. The Town records an estimate for claims incurred but not reported in the long-term liabilities.

Changes in the balance of claims liabilities for the worker's compensation, medical insurance and heart and hypertension were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Claims Payable Beginning</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable Ending</u>
Worker's Compensation & Medical Insurance				
2012	\$ 9,007,608	34,236,298	34,667,745	8,576,161
2013	8,576,161	33,517,187	34,173,001	7,920,347
Heart and Hypertension				
2012	5,992,840	686,824	902,539	5,777,125
2013	5,777,125	234,812	372,540	5,639,397
Total Internal Service				
2012	15,000,448	34,923,122	35,570,284	14,353,286
2013	14,353,286	33,751,999	34,545,541	13,559,744

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued  
June 30, 2013

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**Note 11 - Fund Deficits and Adjustments to Net Assets and Net Position**

Fund Deficits

The Town has the following Fund Deficits at June 30, 2013 and expects to eliminate the deficits in the future as follows:

<u>Fund</u>	<u>Deficit</u>	<u>Plan For Elimination</u>
Capital Projects	\$ 1,037,085	Bond temporary note
Community Development	48,625	Future receipt of grant
Farmington Canal	124,612	Future bonding
Wintergreen Interdistrict	504,870	Future receipt of grant
Bear Path School	255,000	General fund pay down
Public Emergency Fund	1,625,924	Future bonding and FEMA grants
Worker's Compensation	5,678,496	Future charges for services
Medical Self Insurance	583,478	Future charges for services

Prior Period Adjustment

Governmental Activities of net position and the fund net position of the workers' compensation fund was adjusted by \$601,930 to account for the position of the incurred and not reported claims net of estimated recoveries and discounted at a rate determined by a third party actuary.

**Note 12 - Subsequent Events**

General Obligation Bond

On July 29, 2013 the Town's Legislative Council approved an ordinance to appropriate up to \$125,000,000 for deposit into the Town's Retirement Plan in order to fund a portion of the Town's unfunded net pension obligation. The Council also authorized the issuance of \$125,000,000 in taxable general obligation bonds to provide the pension funding. The bonds have not yet been issued as of the date of this report.

On August 23, 2013, the Town's Legislative Council approved an ordinance to appropriate \$3,800,000 for road repaving and sidewalk improvements and authorizing the issuance of bonds to meet the appropriation. The amount is included in the general obligation bond anticipation note dated December 4, 2013 as described below.

On October 29, 2013 the Town's Legislative Council approved an ordinance to appropriate \$8,630,000 for various public improvements as per the Town's six year capital plan. The amount is included in the general obligation bond anticipation note dated December 4, 2013 as described below.

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**TOWN OF HAMDEN, CONNECTICUT**

**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**June 30, 2013**

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General Obligation Bond Anticipation Note

On December 4, 2013, the Town issued a note in anticipation of a general obligation bond in the amount of \$12,430,000. The note will be paid in full on August 21, 2014 with an interest rate of 1.75%.

Other Post-Employment Benefits

On October 7, 2013 the Town's Legislative Council approved an ordinance to establish a trust fund to fund current and future post-employment health care benefits for eligible retired employees of the Town. The Mayor and the President of the Legislative Council will serve as trustees of the Trust. The Trustees will also serve as the Plan Administrator. The Legislative Council shall have authority to amend or terminate the Trust.

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REQUIRED SUPPLEMENTARY INFORMATION  
 PENSION PLAN  
 June 30, 2013

*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
07/01/08 \$	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%
07/01/11	N/A	N/A	N/A	N/A	N/A	N/A
07/01/12	58,842,127	419,266,994	360,424,867	14.03%	31,241,635	1153.67%

*Schedule of Employer Contributions*

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 27,145,128	34.4%
2012	19,850,851	15.3%
2011	19,088,623	34.3%
2010	18,911,433	66.1%
2009	18,292,235	68.3%
2008	16,754,259	71.6%

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST- EMPLOYMENT BENEFITS (OPEB)  
June 30, 2013**

*Schedule of Funding Progress OPEB*

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ©	UAAL as a Percentage of Covered Payroll ((b-a/c)
07/01/08 \$		366,234,442	366,234,442	0.0%	N/A	N/A
07/01/09		344,724,721	344,724,721	0.0%	N/A	N/A
07/01/12		439,980,586	439,980,586	0.0%	N/A	N/A

*Schedule of Employer Contributions OPEB*

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2013	\$ 36,186,117	43.3%
2012	34,822,130	45.5%
2011	32,076,366	38.4%
2010	30,951,154	35.7%
2009	33,659,975	17.6%
2008	32,365,361	17.6%

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**SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES**  
**BUDGETARY BASIS - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
<b>PROPERTY TAXES</b>				
Current taxes	\$ 147,265,894	147,265,894	145,161,316	2,104,578
Delinquent taxes	1,350,000	1,350,000	1,695,077	(345,077)
Supplemental taxes	1,157,573	1,157,573	1,317,780	(160,207)
Property tax interest	730,000	730,000	806,345	(76,345)
Property tax liens	12,000	12,000	9,916	2,084
Suspense collections	125,000	125,000	63,868	61,132
New construction	25,000	25,000	-	25,000
Tax liens	100,000	-	-	-
<b>Total property taxes</b>	<b>\$ 150,765,467</b>	<b>150,665,467</b>	<b>149,054,302</b>	<b>1,611,165</b>
<b>INTERGOVERNMENTAL</b>				
PILOT - State owned property	\$ 612,191	612,191	898,697	(286,506)
Elderly exemption freeze	12,000	12,000	10,000	2,000
Elderly exemption - circuit breaker	412,610	412,610	396,992	15,618
Disability exemption	9,309	9,309	10,056	(747)
PILOT - colleges and hospitals	2,230,298	2,230,298	2,846,495	(616,197)
Telecommunication access	145,114	190,009	190,009	-
PILOT - veterans exemption	149,415	149,415	146,783	2,632
Town road aid	327,760	327,760	335,878	(8,118)
Distressed municipalities	20,618	20,618	32,137	(11,519)
PILOT - machinery and equipment	227,518	227,518	227,518	-
Mashantucket Pequot fund	945,269	945,269	935,716	9,553
Adult education	230,857	230,857	240,273	(9,416)
Magnet schools	59,500	59,500	23,400	36,100
School construction	1,715,055	1,715,055	1,715,056	(1)
Public school transportation	550,468	550,468	568,548	(18,080)
State bond interest subsidies	257,376	257,376	257,377	(1)
Nonpublic school transportation	149,436	149,436	152,554	(3,118)
Nonpublic school health	151,502	151,502	136,928	14,574
Education cost sharing grant	23,913,747	23,913,747	23,026,161	887,586
PILOT - Gr New Haven WPCA	73,300	73,300	73,300	-
PILOT - Water Authority	821,657	821,657	821,941	(284)
CRRRA reserve payment	593,183	593,183	439,674	153,509
Miscellaneous grants	3,500	3,500	130	3,370
Federal stimulus - fiscal stability	5,000	5,000	-	5,000
FEMA	315,000	400,053	909,230	(509,177)
Capital rd/repair funding	885,642	885,642	145,521	740,121
<b>Total intergovernmental</b>	<b>\$ 34,817,325</b>	<b>34,947,273</b>	<b>34,540,374</b>	<b>406,899</b>
<b>Charges for services</b>				
Other rents	\$ 32,000	32,000	4,478	27,522
Police extra duty	2,398,080	2,618,590	2,560,338	58,252
Police extra duty vehicle	51,500	61,450	65,025	(3,575)
Assessor fees	22,000	122,000	14,831	107,169
Elderly services charges	4,000	4,000	5,154	(1,154)
Code enforcement	10,000	15,000	13,978	1,022
Youth services charges	5,500	5,500	8,735	(3,235)
Public works charges	56,500	56,500	57,291	(791)
Library charges	35,100	35,100	27,640	7,460
Arts & recreation	629,533	629,533	404,560	224,973
Planning and zoning	275,600	275,600	232,863	42,737
<b>Total charges for services</b>	<b>\$ 3,519,813</b>	<b>3,855,273</b>	<b>3,394,893</b>	<b>460,380</b>

(Continued)

**SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES  
BUDGETARY BASIS - BUDGET AND ACTUAL**

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
<b>INVESTMENT EARNINGS</b>	\$ 97,500	97,500	81,423	16,077
<b>LICENSES, PERMITS AND FEES</b>				
Town clerk	\$ 1,156,000	1,156,000	1,391,781	(235,781)
Police department	125,251	125,251	123,540	1,711
Fire department	97,000	97,000	99,763	(2,763)
Building	501,492	501,492	506,467	(4,975)
Engineering	34,780	34,780	37,827	(3,047)
Personnel	6,000	6,000	120	5,880
<b>Total licenses, permits &amp; fees</b>	\$ 1,920,523	1,920,523	2,159,498	(238,975)
<b>MISCELLANEOUS REVENUES</b>				
BOE medical	\$ 110,000	110,000	215,450	(105,450)
Workers' Comp.	3,500	3,500	21,615	(18,115)
Term life revenue	25,000	25,000	18,171	6,829
Miscellaneous	3,000	3,000	1,822	1,178
School bus enforcement	60,000	60,000	8,344	51,656
Quinnipiac University	100,000	100,000	25,000	75,000
Town Center Park	10,000	10,000	-	10,000
Sale of surplus vehicles	21,500	21,500	-	21,500
Relocation reimbursement	4,500	4,500	4,539	(39)
Animal control	3,500	3,500	1,355	2,145
Miscellaneous - finance office	380,000	380,000	595,890	(215,890)
<b>Total miscellaneous revenues</b>	\$ 721,000	721,000	892,186	(171,186)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	\$		295,753	(295,753)
Bond premium	651,000	866,158	866,158	-
<b>Total financing sources</b>	\$ 651,000	866,158	1,161,911	(295,753)
<b>Total revenues and other financing sources</b>	\$ 192,492,628	193,073,194	191,284,587	1,788,607

GENERAL FUND - EXPENDITURES AND OTHER FINANCING USES -  
BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Legislative council	\$ 572,316	636,665	591,478	45,187
Emergency and contingency fund	1,500,000	42,578	-	42,578
Mayor	(577,380)	596,123	578,950	17,173
Elections and registrar	207,681	192,375	177,396	14,979
Finance	4,137,972	4,396,645	4,382,467	14,178
Tax assessor	347,900	272,524	269,129	3,395
Review of assessments	3,600	3,600	3,600	-
Tax collector	439,619	361,336	359,079	2,257
Town attorney	390,699	459,704	445,295	14,409
Town clerk	610,631	574,855	558,651	16,204
Planning and zoning	476,344	476,138	469,237	6,901
Personnel	253,932	251,390	243,747	7,643
Economic development	154,367	137,613	137,613	-
Purchasing	657,603	738,239	723,816	14,423
Probate court	5,250	5,250	4,429	821
Board of ethics	5,000	4,995	-	4,995
<b>Total general government</b>	<b>\$ 9,185,534</b>	<b>9,150,030</b>	<b>8,944,887</b>	<b>205,143</b>
<b>PUBLIC SAFETY</b>				
Animal control	\$ 153,056	152,649	142,817	9,832
Police department	11,985,445	12,176,646	12,138,878	37,768
Fire department	11,640,207	11,556,837	11,534,619	22,218
<b>Total public safety</b>	<b>\$ 23,778,708</b>	<b>23,886,132</b>	<b>23,816,314</b>	<b>69,818</b>
<b>PUBLIC WORKS</b>				
Building administration	\$ 373,051	360,970	360,203	767
Public works department	10,727,457	11,900,036	11,530,022	370,014
Engineering	543,873	493,122	489,238	3,884
Traffic/Transportation	172,270	143,268	130,212	13,056
<b>Total public works</b>	<b>\$ 11,816,651</b>	<b>12,897,396</b>	<b>12,509,675</b>	<b>387,721</b>
<b>HEALTH AND WELFARE</b>				
Elderly services	\$ 443,273	427,742	425,309	2,433
Community services	278,583	333,286	327,845	5,441
Youth services	290,314	297,332	291,599	5,733
Mental health	171,234	164,934	163,080	1,854
Quinnipiac Valley health	320,228	320,228	320,228	-
Visiting nurses association	70,000	70,000	64,271	5,729
<b>Total health and welfare</b>	<b>\$ 1,573,632</b>	<b>1,613,522</b>	<b>1,592,332</b>	<b>21,190</b>
<b>BOARD OF EDUCATION</b>				
	\$ 80,300,000	80,300,000	80,288,789	11,211

(Continued)

GENERAL FUND - EXPENDITURES AND OTHER FINANCING USES -  
BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
<b>CULTURE AND RECREATION</b>				
Library	\$ 1,939,654	1,790,041	1,784,543	5,498
Arts programs	845,050	769,249	749,747	19,502
<b>Total culture and recreation</b>	<b>\$ 2,784,704</b>	<b>2,559,290</b>	<b>2,534,290</b>	<b>25,000</b>
<b>EMPLOYEE BENEFITS</b>				
Medical insurance	\$ 32,331,387	31,673,990	29,994,232	1,679,758
Pension	10,000,000	10,263,478	10,263,474	4
Fringes	3,852,500	3,858,848	3,773,782	85,066
<b>Total employee benefits</b>	<b>\$ 46,183,887</b>	<b>45,796,316</b>	<b>44,031,488</b>	<b>1,764,828</b>
<b>DEBT SERVICE</b>				
Principal	\$ 11,139,000	11,139,000	11,139,000	-
Interest	5,730,512	5,731,508	5,731,508	-
<b>Total debt service</b>	<b>\$ 16,869,512</b>	<b>16,870,508</b>	<b>16,870,508</b>	<b>-</b>
<b>Total expenditures and other financing uses</b>	<b>\$ 192,492,628</b>	<b>193,073,194</b>	<b>190,588,283</b>	<b>2,484,911</b>

TOWN OF HAMDEN, CONNECTICUT

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2013

	<u>Special Revenue</u>		
	<u>Human Services</u>	<u>Culture and Recreation</u>	<u>Public Safety</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$		15,871
Receivables, net	79,394		
Due from other funds	72,066	11,459	147,307
Inventory			
<b>Total assets</b>	<b>\$ 151,460</b>	<b>11,459</b>	<b>163,178</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 5,116	125	16,207
Deferred revenue			
Due to other funds	53,488	8,971	14,592
BANS Payable			
<b>Total liabilities</b>	<b>\$ 58,604</b>	<b>9,096</b>	<b>30,799</b>
<b>Fund Balance (Deficit)</b>			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Committed			
Assigned	92,856	3,746	146,971
Unassigned		(1,383)	(14,592)
<b>Total fund balance (deficit)</b>	<b>\$ 92,856</b>	<b>2,363</b>	<b>132,379</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 151,460</b>	<b>11,459</b>	<b>163,178</b>

**Special Revenue**

<u>Public Works</u>	<u>Community Development</u>	<u>Town Revitalization</u>	<u>Board of Education</u>	<u>Total Special Revenue</u>
20,902	2,277	230,501	912,166	1,181,717
			170,659	250,053
54,004		105,599		390,435
			21,207	21,207
<u>74,906</u>	<u>2,277</u>	<u>336,100</u>	<u>1,104,032</u>	<u>1,843,412</u>
7,702	26,741	100,527		156,418
	24,161	120,748		-
				221,960
				-
<u>7,702</u>	<u>50,902</u>	<u>221,275</u>	<u>-</u>	<u>378,378</u>
			21,207	21,207
				-
				-
67,204		96,100	1,082,825	1,489,702
	(48,625)	18,725		(45,875)
<u>67,204</u>	<u>(48,625)</u>	<u>114,825</u>	<u>1,104,032</u>	<u>1,465,034</u>
<u>74,906</u>	<u>2,277</u>	<u>336,100</u>	<u>1,104,032</u>	<u>1,843,412</u>

(Continued)

TOWN OF HAMDEN, CONNECTICUT

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS, Continued  
 June 30, 2013

	Capital Projects		
	Farmington Canal	Hamden Middle School Fund	Brooksvale Park Renovation And Acquisition Grant
<b>ASSETS</b>			
Cash and cash equivalents	\$		
Receivables, net			
Due from other funds		287,748	63,888
Inventory			
<b>Total assets</b>	<b>\$ -</b>	<b>287,748</b>	<b>63,888</b>
<b>LIABILITIES AND FUND BALANCE (DEFICITS)</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$		
Deferred revenue			
Due to other funds		124,612	
BANS Payable			
<b>Total liabilities</b>	<b>\$ 124,612</b>	<b>-</b>	<b>-</b>
<b>Fund Balance (Deficit)</b>			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Committed			
Assigned		287,748	63,888
Unassigned		(124,612)	
<b>Total fund balance (deficit)</b>	<b>\$ (124,612)</b>	<b>287,748</b>	<b>63,888</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ -</b>	<b>287,748</b>	<b>63,888</b>

Capital Projects

Wintergreen Interdistrict Magnet School	Construction of Spring Glen School	Bear Path School Renovations	Other Capital Projects	Total Capital Projects
11,984			43,025	55,009
612,704				612,704
	378,868	-	1,104,221	1,834,725
				-
<u>624,688</u>	<u>378,868</u>	<u>-</u>	<u>1,147,246</u>	<u>2,502,438</u>
	2,363		49,836	52,199
1,129,558			477,322	1,731,492
		255,000		255,000
<u>1,129,558</u>	<u>2,363</u>	<u>255,000</u>	<u>527,158</u>	<u>2,038,691</u>
				-
				-
(504,870)	376,505	(255,000)	30,679	382,315
			589,409	81,432
<u>(504,870)</u>	<u>376,505</u>	<u>(255,000)</u>	<u>620,088</u>	<u>463,747</u>
<u>624,688</u>	<u>378,868</u>	<u>-</u>	<u>1,147,246</u>	<u>2,502,438</u>

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COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS, Continued  
June 30, 2013

	Public Emergency Account	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$	10,794	1,247,520
Receivables, net			862,757
Due from other funds	878,091		3,103,251
Inventory			21,207
<b>Total assets</b>	<b>\$ 878,091</b>	<b>10,794</b>	<b>5,234,735</b>
<b>LIABILITIES AND FUND BALANCE (DEFICITS)</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 4,015		212,632
Deferred revenue			-
Due to other funds		1,381	1,954,833
BANS Payable	2,500,000		2,755,000
<b>Total liabilities</b>	<b>\$ 2,504,015</b>	<b>1,381</b>	<b>4,922,465</b>
<b>Fund Balance (Deficit)</b>			
Nonspendable	\$		21,207
Restricted for:			
Donor's intentions		9,413	9,413
Committed			-
Assigned			1,872,017
Unassigned	(1,625,924)		(1,590,367)
<b>Total fund balance (deficit)</b>	<b>\$ (1,625,924)</b>	<b>9,413</b>	<b>312,270</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 878,091</b>	<b>10,794</b>	<b>5,234,735</b>

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES (DEFICITS) - NON-MAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2013

	<u>Special Revenue</u>		
	<u>Human Services</u>	<u>Culture and Recreation</u>	<u>Public Safety</u>
<b>Revenues</b>			
Intergovernmental	\$ 233,076		439,803
Charges for services	184,409		
Investment income			
Other	922	4,875	
<b>Total revenues</b>	<u>\$ 418,407</u>	<u>4,875</u>	<u>439,803</u>
<b>Expenditures</b>			
Public safety			\$
Public works			
Health and human services	421,727		
Culture and recreation		1,014	447,165
Education			
Other			
<b>Total expenditures</b>	<u>\$ 421,727</u>	<u>1,014</u>	<u>447,165</u>
<b>Revenue over (under) expenditures</b>	<u>\$ (3,320)</u>	<u>3,861</u>	<u>(7,362)</u>
<b>Other Financing Sources</b>			
Bond Proceeds			
Transfers in			\$
Transfers (out)			
<b>Total other financing sources</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>
<b>Changes in Fund Balances (Deficits)</b>	<u>\$ (3,320)</u>	<u>3,861</u>	<u>(7,362)</u>
<b>Fund Balances (Deficits) - beginning</b>	<u>96,176</u>	<u>(1,498)</u>	<u>139,741</u>
<b>Fund Balances (Deficits) - ending</b>	<u><u>\$ 92,856</u></u>	<u><u>2,363</u></u>	<u><u>132,379</u></u>

Special Revenue

Public Works	Community Development	Town Revitalization	Board of Education	Total Special Revenue
354,737	351,640	151,530 813	7,136,308 387,589	8,667,094 572,811
105,374		17,573		128,744
460,111	351,640	169,916	7,523,897	9,368,649
263,786				-
				263,786
				421,727
				448,179
			7,289,782	7,289,782
	377,833	387,634		765,467
263,786	377,833	387,634	7,289,782	9,188,941
196,325	(26,193)	(217,718)	234,115	179,708
-	-	-	-	-
196,325	(26,193)	(217,718)	234,115	179,708
(129,121)	(22,432)	332,543	869,917	1,285,326
67,204	(48,625)	114,825	1,104,032	1,465,034

(Continued)

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES (DEFICITS) - NON-MAJOR GOVERNMENTAL FUNDS, (Continued)  
 For the Year Ended June 30, 2013

	<b>Capital Projects</b>		
	Farmington Canal	Hamden Middle School Fund	Brooksvale Park Renovation And Acquisition Grant
<b>Revenues</b>			
Intergovernmental	\$		
Charges for services			
Investment income			
Other			
<b>Total revenues</b>	\$ -	-	-
<b>Expenditures</b>			
Public safety	\$		
Public works			
Health and human services			
Culture and recreation			
Education			
Other	73,983	449	
<b>Total expenditures</b>	\$ 73,983	449	-
<b>Revenue Over (Under) Expenditures</b>	\$ (73,983)	(449)	-
<b>Other Financing Sources</b>			
Bond Insurance			
Transfers in	\$		
Transfers (out)			
<b>Total other financing sources</b>	\$ -	-	-
<b>Changes in Fund Balances (Deficits)</b>	\$ (73,983)	(449)	-
<b>Fund Balances (Deficits) - beginning</b>	(50,629)	288,196	63,888
<b>Fund Balances (Deficits) - ending</b>	\$ (124,612)	287,747	63,888

<b>Capital Projects</b>				
Wintergreen Interdistrict Magnet School	Construction of Spring Glen School	Bear Path School Renovations	Other Capital Projects	Total Capital Projects
			1,608,539	1,608,539
			10,800	10,800
-	-	-	1,619,339	1,619,339
	50	23	1,006,584	1,081,089
-	50	23	1,006,584	1,081,089
-	(50)	(23)	612,755	538,250
		219,191		-
				219,191
-	-	219,191	-	219,191
-	(50)	219,168	612,755	757,441
(504,870)	376,556	(474,168)	7,333	(293,694)
(504,870)	376,506	(255,000)	620,088	463,747

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES (DEFICITS) - NON-MAJOR GOVERNMENTAL FUNDS, Continued  
 For the Year Ended June 30, 2013

	Public Emergency Account	Permanent Funds Account	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$		10,275,633
Charges for services			572,811
Investment income			-
Other	108,279		247,823
<b>Total revenues</b>	<b>\$ 108,279</b>	<b>-</b>	<b>11,096,267</b>
<b>Expenditures</b>			
Public safety	\$		-
Public works	1,734,203		1,997,989
Health and human services		2,819	424,546
Culture and recreation			448,179
Education			7,289,782
Other			1,846,556
<b>Total expenditures</b>	<b>\$ 1,734,203</b>	<b>2,819</b>	<b>12,007,052</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ (1,625,924)</b>	<b>(2,819)</b>	<b>(910,785)</b>
<b>Other Financing Sources</b>			
Bond Insurance			-
Transfers in	\$		219,191
Transfers (out)			-
<b>Total other financing sources</b>	<b>\$ -</b>	<b>-</b>	<b>219,191</b>
<b>Changes in Fund Balances (Deficits)</b>	<b>\$ (1,625,924)</b>	<b>(2,819)</b>	<b>(691,594)</b>
<b>Fund Balances (Deficits) - beginning</b>	<b>-</b>	<b>12,232</b>	<b>1,003,864</b>
<b>Fund Balances (Deficits) - ending</b>	<b>\$ (1,625,924)</b>	<b>9,413</b>	<b>312,270</b>

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF NET FUND POSITION  
 June 30, 2013

	Workers' Compensation Fund	Medical Insurance Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 183,424	2,246,194	2,429,618
Other receivables		206,497	206,497
Due from other funds	<u>5,299</u>		<u>5,299</u>
<b>Total assets</b>	<u>\$ 188,723</u>	<u>2,452,691</u>	<u>2,641,414</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 176,622	542,391	719,013
Due to other funds			-
Claims payable			
<b>Total current liabilities</b>	<u>\$ 176,622</u>	<u>542,391</u>	<u>719,013</u>
Noncurrent liabilities:			
Claims incurred but not reported	<u>\$ 5,695,756</u>	<u>2,047,669</u>	<u>7,743,425</u>
<b>Total liabilities</b>	<u>\$ 5,872,378</u>	<u>2,590,060</u>	<u>8,462,438</u>
<b>NET POSITION</b>			
Unrestricted	<u>\$ (5,683,655)</u>	<u>(137,369)</u>	<u>(5,821,024)</u>
<b>Total net position</b>	<u>\$ (5,683,655)</u>	<u>(137,369)</u>	<u>(5,821,024)</u>

**INTERNAL SERVICE FUNDS**  
**COMBINING REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION**  
**June 30, 2013**

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	Workers' Compensation Fund	Medical Insurance Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>OPERATING REVENUES</b>			
Employer contribution	\$ 1,634,974	33,004,481	34,639,455
Employee contribution		488,059	488,059
<b>Total operating revenues</b>	<u>\$ 1,634,974</u>	<u>33,492,540</u>	<u>35,127,514</u>
<b>OPERATING EXPENSES</b>			
Salaries, benefits and claims	\$ 1,640,133	33,046,431	34,686,564
<b>Total operating expenses</b>	<u>\$ 1,640,133</u>	<u>33,046,431</u>	<u>34,686,564</u>
<b>Changes in Fund Net Position</b>	<u>\$ (5,159)</u>	<u>446,109</u>	<u>440,950</u>
<b>FUND NET POSITION, beginning</b>	\$ (6,280,426)	(583,478)	(6,863,904)
Prior Period Adjustment	601,930		601,930
<b>FUND NET POSITION, restated</b>	<u>\$ (5,678,496)</u>	<u>(583,478)</u>	<u>(6,261,974)</u>
<b>FUND NET POSITION, Ending</b>	<u>\$ (5,683,655)</u>	<u>(137,369)</u>	<u>(5,821,024)</u>

**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**June 30, 2013**

	Workers' Compensation Fund	Medical Insurance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,634,973	33,478,555	35,113,528
Payments for benefits	(1,541,896)	(32,655,914)	(34,197,810)
<b>Net cash (used in) provided by operating activities</b>	<b>\$ 93,077</b>	<b>822,641</b>	<b>915,718</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ 93,077</b>	<b>822,641</b>	<b>915,718</b>
<b>CASH AND CASH EQUIVELANTS, beginning</b>	<b>90,347</b>	<b>1,423,553</b>	<b>1,513,900</b>
<b>CASH AND CASH EQUIVELANTS, ending</b>	<b>\$ 183,424</b>	<b>2,246,194</b>	<b>2,429,618</b>
<b>Reconciliation of Operating Income to Net Cash Provided by (used in) Operating Activities</b>			
Change in Net Fund Position	\$ (5,159)	446,109	440,950
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Increase in other receivables		(13,439)	(13,439)
Decrease in accounts payable and accrued expenses	(474,865)	542,391	67,526
(Decrease) increase in claims payable	573,101	(152,420)	420,681
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ 93,077</b>	<b>822,641</b>	<b>915,718</b>

PRIVATE PURPOSE TRUST FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 June 30, 2013

	Library Fund	Hamden Arts Commission	Other Private Purpose Trust Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 199,739	147,674	44,505	391,918
Due from General Fund	<u>3,952</u>	<u>299</u>	<u>113,022</u>	<u>117,273</u>
<b>Total Assets</b>	<u>\$ 203,691</u>	<u>147,973</u>	<u>157,527</u>	<u>509,191</u>
<b>LIABILITIES</b>				
Accounts payable	\$			-
Other liabilities			<u>325</u>	<u>325</u>
<b>Total Liabilities</b>	<u>\$ -</u>	<u>-</u>	<u>325</u>	<u>325</u>
<b>NET POSITION</b>				
Held in trust for specific purposes	<u>\$ 203,691</u>	<u>147,973</u>	<u>157,202</u>	<u>508,866</u>

PRIVATE PURPOSE TRUST FUNDS  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 June 30, 2013

	Library Fund	Hamden Arts Commission	Other Private Purpose Trust Funds	Total
<b>ADDITIONS</b>				
Other	\$ 109,285	135,452	132,490	377,227
<b>Total additions</b>	<b>\$ 109,285</b>	<b>135,452</b>	<b>132,490</b>	<b>377,227</b>
<b>Investment earnings</b>				
Net increase in fair value	\$			-
Interest and dividends	155	5		160
Less: Investment expense				-
<b>Total investment earnings</b>	<b>\$ 155</b>	<b>5</b>	<b>-</b>	<b>160</b>
<b>DEDUCTIONS</b>				
Benefits	\$			
Other	56,839	38,663	116,619	212,121
<b>Total deductions</b>	<b>\$ 56,839</b>	<b>38,663</b>	<b>116,619</b>	<b>212,121</b>
<b>Change in net position</b>	<b>\$ 52,601</b>	<b>96,794</b>	<b>15,871</b>	<b>165,266</b>
<b>Net Position - beginning</b>	<b>151,090</b>	<b>51,179</b>	<b>141,331</b>	<b>343,600</b>
<b>Net Position - ending</b>	<b>\$ 203,691</b>	<b>147,973</b>	<b>157,202</b>	<b>508,866</b>

AGENCY FUNDS  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 June 30, 2013

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	School Activity Funds	Adult Activity Funds	Performance Bonds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 152,241	25,158	452,222	629,621
<b>Total Assets</b>	<b>\$ 152,241</b>	<b>25,158</b>	<b>452,222</b>	<b>629,621</b>
<b>LIABILITIES</b>				
Other liabilities	\$ -			-
Held for deposits for others	152,241	25,158	452,222	629,621
<b>Total Liabilities</b>	<b>\$ 152,241</b>	<b>25,158</b>	<b>452,222</b>	<b>629,621</b>
<b>NET POSITION</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For the Year ended June 30, 2013**

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b>School Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 89,445	62,796		152,241
Liabilities:				
Deposits held for others	\$ 89,445	62,796	-	152,241
<b>Adult Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 58,882		33,724	25,158
Liabilities:				
Deposits held for others	\$ 58,882	-	33,724	25,158
<b>Performance Bonds</b>				
Assets:				
Cash and cash equivalents	\$ 527,606		75,384	452,222
Liabilities:				
Deposits held for others	\$ 527,606	-	75,384	452,222
<b>Total Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 675,933	62,796	109,108	629,621
Liabilities:				
Deposits held for others	\$ 675,933	62,796	109,108	629,621

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
For the Year Ended June 30, 2013

Grand List Year	Uncollected Balance & New Levy July 1, 2012	Lawful Corrections		Transfers to (Recoveries From) Suspense	Balance to be Collected
		Increases	Decreases		
1997	\$ 87,656		(87,656)		-
1998	88,283		(5,354)		82,929
1999	83,927		(5,578)		78,349
2000	67,106		(6,894)		60,212
2001	54,991		(7,040)		47,951
2002	52,904		(2,691)		50,213
2003	57,885		(1,979)		55,906
2004	64,964		(8,651)		56,313
2005	87,425		(11,567)		75,858
2006	91,312		(15,433)		75,879
2007	96,722		(16,722)		80,000
2008	210,460		(25,122)		185,338
2009	619,134	110	(15,905)	(213,301)	390,038
2010	1,593,557		(57,209)		1,536,348
Total	\$ 3,256,326	110	(267,801)	(213,301)	2,775,334
2011	151,867,583		(2,101,624)	-	149,765,959
Total	\$ 155,123,909	110	(2,369,425)	(213,301)	152,541,293

SCHEDULE 12

Collections				Uncollected Balance June 30, 2013
Taxes	Interest	Lien Fees	Total	
			-	-
274			274	82,655
30			30	78,319
691			691	59,521
430			430	47,521
4,834			4,834	45,379
6,524			6,524	49,382
1,107	129		1,236	55,206
129	382		511	75,729
769	215		984	75,110
2,595	1,959	24	4,578	77,405
13,534	12,477	123	26,134	171,804
132,646	56,742	644	190,032	257,392
842,772	179,390	11,024	1,033,186	693,576
1,006,335	251,294	11,815	1,269,444	1,768,999
147,483,766	490,865	4,417	147,979,048	2,282,193
148,490,101	742,159	16,232	149,248,492	4,051,192

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

For the Year Ended June 30, 2013

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	<u>General Purpose</u>
<b>Debt Limitation:</b>	
2 1/4 Times Base	\$ 335,809,107
4 1/2 Times Base	
3 3/4 Times Base	
3 1/4 Times Base	
3 Times Base	
7 Times Base	
	<hr/>
<b>Total Debt Limitation</b>	<b>\$ <u>335,809,107</u></b>
<b>Indebtedness:</b>	
Bonds payable	\$ 86,854,872
Bonds authorized and unissued	<u>20,791,996</u>
	<hr/>
<b>Total Indebtedness</b>	<b>\$ 107,646,868</b>
<b>Less: School Construction Grants Receivable</b>	<u>-</u>
	<hr/>
<b>Total Indebtedness of the Town</b>	<b>\$ <u>107,646,868</u></b>
<b>Debt Limitation In Excess of Outstanding and Authorized Debt</b>	<b>\$ <u><u>228,162,239</u></u></b>



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