

OFFICIAL STATEMENT DATED MAY 2, 2013

Refunding Issue - Book-Entry-Only

Ratings: (See "Ratings" herein.)

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. See "Tax Matters" herein.

\$29,415,000

**TOWN OF HAMDEN, CONNECTICUT
GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2013**

Dated: Date of Delivery

Due: August 15, as shown below

Due	Amount	Interest Rate	Yield	CUSIP Number	Due	Amount	Interest Rate	Yield	CUSIP Number
2017	\$2,625,000	5.000%	1.740%	406792V99	2022	\$3,835,000	5.000%	2.790%	406792W64
2018	2,685,000	5.000	1.970	406792W23	2023	2,970,000	5.000	2.990	406792W72
2019	3,835,000	5.000	2.210	406792W31	2024	3,015,000	3.000	3.140	406792W80
2020	3,665,000	5.000	2.360	406792W49	2025	3,035,000	3.125	3.300	406792W98
2021	3,750,000	5.000	2.570	406792W56					



The scheduled payment of principal of and interest on the Bonds maturing on August 15 of the years 2020 through 2025, inclusive (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

Interest on the Bonds will be payable semiannually on the fifteenth day of February and August of each year until maturity, commencing August 15, 2013. The Beneficial Owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds may be in the principal amount of \$5,000 or integral multiples thereof. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the Bondowner, as nominee for DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only System" herein.

The Bonds are subject to redemption prior to maturity as more fully described in "Optional Redemption" herein.

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut. Certain legal matters will be passed upon for the Underwriter by Pullman & Comley, LLC, of Bridgeport, Connecticut. It is expected that the delivery of the Bonds in definitive form will be made on or about May 15, 2013 through the facilities of DTC.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

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OFFICIAL STATEMENT

\$29,415,000 GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2013 (BOOK-ENTRY-ONLY)

INTRODUCTION

The purpose of this Official Statement is to provide certain financial information and supplementary economic and demographic data relevant to the Town of Hamden, Connecticut (the "Town") in connection with the issuance and sale of \$29,415,000 General Obligation Refunding Bonds, Issue of 2013 (the "Bonds"), of the Town.

The Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such jurisdiction. No dealer, broker, salesman or any other person has been authorized by the Town to give any information or to make any representation, other than those contained in this Official Statement or any supplement that may be issued hereto, and if given or made, such information or representation must not be relied upon as having been authorized by the Town. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue to be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations and summaries and explanations of provisions of law herein do not purport to be complete and reference is made to said laws for full and complete statements of their provisions.

The information set forth herein has been obtained by the Town, from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

The information, estimates and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of the Official Statement.

The information in this Official Statement has been prepared by the Town's financial advisor, Webster Bank (the "Financial Advisor"), from information supplied by Town officials and other sources as indicated. The Financial Advisor does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same. An agreement between the Town and the Financial Advisor has been entered into to conform to Municipal Securities Rulemaking Board Rule G-23. U.S. Bank National Association, of Hartford, Connecticut will act as Certifying Agent, Paying Agent, Registrar, Transfer Agent and Escrow Agent for the Bonds.

McGladrey & Pullen LLP, the Town's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included as Appendix A herein, any procedures on the financial statements addressed in that report. McGladrey & Pullen LLP also has not performed any procedures relating to this Official Statement.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as its opinion in Appendix B - "Form of Opinion of Bond Counsel" herein), and it makes no representation that it has independently verified the same.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in the Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Underwriter's Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy and completeness of the statements made in this Official Statement, and it makes no representation that it has independently verified the same.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix D - Specimen Municipal Bond Insurance Policy".

The Town currently files its official statements for primary offerings with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town in substantially the form attached as Appendix C to this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

SECTION I – SECURITIES OFFERED

Description of the Bonds

The Bonds will be dated the date of delivery and will mature on August 15 in each of the years and in the principal amounts and will bear interest at the rate or rates per annum payable on August 15, 2013 and semiannually thereafter on February 15 and August 15 in each year until maturity as set forth on the cover page hereof. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest will be payable to the registered owner as of the close of business on the last business day of January and July in each year, by check mailed to the registered owner, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC and the Town shall agree.

The Bonds will be payable at the principal office of U.S. Bank National Association. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only System” herein.

The Bonds **are** subject to redemption prior to maturity. See “Optional Redemption” herein.

Optional Redemption

The Bonds maturing on or before August 15, 2023 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2024 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after August 15, 2023 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
August 15, 2023 and thereafter	100%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the registered owner of the Bonds at the address of the registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial

Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

Authorization and Purpose

Pursuant to Section 7-370c of the Connecticut General Statutes, as amended, and by a resolution adopted by the Legislative Council on February 20, 2013, the Town authorized the issuance of refunding bonds in an amount not to exceed \$60,000,000 for the purpose of refunding all or any portion of the Town's aggregate principal amount of outstanding general obligation bonds (the "Refunded Bonds") and to pay costs of issuance, including underwriter's discount (see "Plan of Refunding" herein).

Use of Proceeds

<u>Purpose</u>	<u>Bonds Authorized</u>	<u>The Bonds</u>
Refunding Bonds	\$60,000,000	\$29,415,000

Plan of Refunding

The Bonds are being issued to refund at or prior to maturity the Refunded Bonds as set forth below. The refunding is contingent upon delivery of the Bonds.

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP Number</u>
06/15/03:	07/15/14	3.250%	\$ 1,325,000	07/15/13	100.00%	406792WD9
	07/15/15	3.500	1,330,000	07/15/13	100.00	406792WE7
	07/15/16	4.000	1,325,000	07/15/13	100.00	406792WF4
	07/15/17	4.000	1,325,000	07/15/13	100.00	406792WG2
	07/15/18	4.000	1,325,000	07/15/13	100.00	406792WH0
	07/15/19	4.000	1,175,000	07/15/13	100.00	406792WJ6
	07/15/20	4.000	930,000	07/15/13	100.00	406792WK3
	07/15/21	4.125	935,000	07/15/13	100.00	406792WL1
	07/15/22	4.250	940,000	07/15/13	100.00	406792WM9
			\$10,610,000			
07/15/05:	07/15/19	4.000%	\$ 1,235,000	06/14/13	100.00%	406792B59
	07/15/20	4.000	1,235,000	06/14/13	100.00	406792B67
	07/15/21	4.000	1,235,000	06/14/13	100.00	406792B75
	07/15/22	4.000	1,235,000	06/14/13	100.00	406792B83
	07/15/23	4.125	1,230,000	06/14/13	100.00	406792B91
	07/15/24	4.125	1,230,000	06/14/13	100.00	406792C25
	07/15/25	4.125	1,230,000	06/14/13	100.00	406792C33
				\$ 8,630,000		
07/15/06:	07/15/14	4.000%	\$ 485,000	07/15/13	100.00%	406792E56
	07/15/15	4.000	485,000	07/15/13	100.00	406792E64
	07/15/16	4.000	485,000	07/15/13	100.00	406792E72
	07/15/17	4.000	485,000	07/15/13	100.00	406792E80
	07/15/18	4.125	485,000	07/15/13	100.00	406792E98
	07/15/19	4.200	485,000	07/15/13	100.00	406792F22
	07/15/20	4.250	485,000	07/15/13	100.00	406792F30
	07/15/21	4.250	485,000	07/15/13	100.00	406792F48
	07/15/22	4.375	485,000	07/15/13	100.00	406792F55
	07/15/23	4.375	485,000	07/15/13	100.00	406792F63
	07/15/24	4.375	485,000	07/15/13	100.00	406792F71
	07/15/25	4.375	485,000	07/15/13	100.00	406792F89
	07/15/26	4.375	485,000	07/15/13	100.00	406792F97
			\$ 6,305,0000			

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP Number</u>
08/24/11:	08/15/13	2.000%	\$ 775,000	N/A	N/A	406792Q53
	08/15/14	3.000	1,175,000	N/A	N/A	406792Q61
	08/15/15	3.000	1,310,000	N/A	N/A	406792Q79
	08/15/16	4.000	<u>670,000</u>	N/A	N/A	406792Q87
			\$ 3,930,000			
08/23/12:	08/15/14	3.000%	\$ 1,235,000	N/A	N/A	406792T43
	08/15/15	3.000	<u>1,235,000</u>	N/A	N/A	406792T50
			\$ 2,470,000			
			<u>\$31,945,000</u>			

Upon delivery of the Bonds, a portion of the bond proceeds will be deposited in an irrevocable trust fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent"), under an Escrow Agreement (the "Escrow Agreement") dated as of May 15, 2013 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by, the government of the United States of America, including United States Treasury State and Local Government Series ("SLGS") securities, Federal National Mortgage Association ("FNMA") securities, and any other securities permitted by Section 7-400 of the Connecticut General Statutes, all of which shall not be callable or prepayable at the option of the issuer thereof (the "Escrow Securities"). The Town may also enter into an agreement to reinvest receipts from Escrow Securities not immediately required to pay the principal of and redemption premium, if any, and interest on the Refunded Bonds. All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds will be used to pay costs of issuance, bond insurance premium, if any, and the Underwriter's discount.

Verification of Mathematical Computations

AMTEC will verify from the information provided to it the mathematical accuracy as of the date of the closing of the Bonds of: (1) the computation that the anticipated receipts from the Escrow Securities and cash deposits set forth in the Underwriter's schedules will be sufficient to pay, when due, the principal, interest and applicable call premium, if any, payment requirements of the Refunded Bonds, and (2) the computations of yield on the Bonds and the Escrow Securities contained in the provided schedules. AMTEC will express no opinion on the assumptions provided to it.

Sources and Uses of Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:

Principal	\$29,415,000.00
Net Original Issue Premium	<u>3,805,610.85</u>
Total Sources	\$33,220,610.85

Uses:

Deposit to Escrow Deposit Fund	\$32,838,669.37
Costs of Issuance ¹	<u>381,941.48</u>
Total Uses	\$33,220,610.85

¹ Includes bond insurance premium and underwriter's discount.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds in order that interest on the Bonds be and remains excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Ownership of the Bonds may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds may be less than the principal amount payable on such Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds are sold constitutes original issue discount. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for

purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the Bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds.

Ratings

On April 10, 2013, Standard & Poor's assigned a rating of A to the Bonds and affirmed the A rating on the Town's parity debt outstanding. On April 16, 2013, Fitch Ratings assigned a rating of BBB+ to the Bonds and downgraded the rating on the Town's parity debt outstanding from A- to BBB+. On April 17, 2013, Moody's Investors Service assigned a rating of A3 to the Bonds and downgraded the rating on the Town's parity debt outstanding from A2 to A3.

The Bonds maturing August 15, 2017 through August 15, 2019, inclusive, are uninsured. Upon issuance of the municipal bond insurance policy by Assured Guaranty Municipal Corp., the Bonds maturing on August 15, 2020 through August 15, 2025, inclusive, are expected to be rated AA- (stable outlook) by Standard & Poor's and A2 (stable outlook) by Moody's Investors Service.

The Town furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings reflect only the view of each rating agency and are subject to revision or withdrawal, which could affect the market price of the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised or withdrawn entirely by any agency, if, in the judgment of such rating agency, circumstances so warrant. The rating agencies should be contacted directly for their ratings on the Bonds and the explanation of such rating.

Bond Insurance

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds maturing on August 15 of the years 2020 through 2025, inclusive (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of the shareholders of AGL or AGM is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On January 17, 2013, Moody's issued a press release stating that it had downgraded AGM's insurance financial strength rating to "A2" (stable outlook) from "Aa3". AGM can give no assurance as to any further ratings action that Moody's may take. Reference is made to the press release, a copy of which is available at www.moody.com, for the complete text of Moody's comments.

On November 30, 2011, S&P published a Research Update in which it downgraded AGM's financial strength rating from "AA+" to "AA-". At the same time, S&P removed the financial strength rating from CreditWatch negative and changed the outlook to stable. AGM can give no assurance as to any further ratings action that S&P may take. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Capitalization of AGM

At December 31, 2012, AGM's consolidated policyholders' surplus and contingency reserves were approximately \$3,324,781,247 and its total net unearned premium reserve was approximately \$2,090,197,521, in each case, in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (filed by AGL with the SEC on March 1, 2013).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Insured Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "Bond Insurance - Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Insured Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Insured Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Insured Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance".

Security and Remedies

The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. Under existing statutes, the State of Connecticut is obligated to pay the Town a portion of the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain other revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes, and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds and notes from funds lawfully available therefore or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Under the federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and to any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

The Town has never defaulted on the payment of principal or interest on its bonds or notes.

Bondowners' Risks

Purchase of the Bonds involves a degree of risk. Potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment, to identify risk factors and to make an informed investment decision. The discussion herein of risks that could affect payment to be made by the Town with respect to the Bonds is not intended to be comprehensive or definitive, but rather is to summarize certain matters which could affect the ability of the Town to make such payments.

Risks Related to Town Operations

The ability of the Town to meet its payment obligations under the Bonds will depend upon the continued availability to the Town of revenues from a variety of sources sufficient to meet obligations such as the Town's operating expenses, debt service on the Bonds and other debt of the Town and extraordinary costs or expenses which may occur from time to time. Revenues and expenses of the Town will be affected by future events and conditions which will include the Town's ability to control expenses, the Town's ability to maintain or increase property tax rates and other sources of revenue, and the Town's access to other sources of funds. No assurances can be given that these or other sources of revenues will be adequate to meet the expenses of the Town.

Future revenues and expenses of the Town will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time. Descriptions of the Town's current finances and operations as well as certain projected financial and operating results of the Town are contained in "SECTION V - FINANCIAL SECTION" in this Official Statement.

Ratings

On April 10, 2013, Standard & Poor's assigned a rating of A to the Bonds and affirmed the A rating on the Town's parity debt outstanding with a negative outlook. On April 16, 2013, Fitch Ratings assigned a rating of BBB+ to the Bonds and downgraded the rating on the Town's parity debt outstanding from A- to BBB+ with a negative outlook. On April 17, 2013, Moody's Investors Service assigned a rating of A3 to the Bonds and downgraded the rating on the Town's parity debt outstanding from A2 to A3 with a negative outlook. The ratings reflect only the view of each rating agency and are subject to revision or withdrawal, which could have a negative effect on the market price of the Bonds.

Unfunded Pension and OPEB Liabilities

The Town is facing an approximately \$360 million unfunded pension liability and a \$440 million unfunded other postemployment benefits liability ("OPEB"), which are expected to continue to increase. Unless the Town is able to reduce these liabilities through a combination of debt issuance and reduced benefits through agreements with its public employees or enacted legislation (upheld against any challenges), the Town will need to find new sources of revenues or other funding mechanisms in order to meet these obligations. Descriptions of the Town's unfunded pension and OPEB liabilities as well as the Town's Plan to address the underfunding are contained in "SECTION V - FINANCIAL SECTION" in this Official Statement.

General Economic Factors

The Town has been subject to the effects of the recession which has affected Connecticut and the United States over the past several years. Related economic factors have adversely affected the Town's revenues, including lower consumer and business spending, high unemployment, depressed home sales and other challenges. In addition, the income levels of the Town's residents have been adversely affected by the recession.

Early Redemption of the Bonds

The Bonds are subject to redemption prior to maturity as set forth under "SECTION I - SECURITIES OFFERED - Optional Redemption" in this Official Statement.

Marketability

No assurance can be given that a secondary market for the Bonds will develop following the completion of the offering of the Bonds. Consequently, prospective bond purchasers should be prepared to hold their Bonds to maturity or prior redemption. No assurance can be given that the initial offering price for the Bonds will continue for any period of time following issuance of the Bonds. The Underwriter is not obligated to make a second market in the Bonds.

Legal Matters and Future Changes in Laws

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, regulations and provisions. Any such change, interpretation or addition could have a material adverse effect, either directly or indirectly, on the Town or the taxing authority of the Town, which could materially adversely affect the Town's ability to repay the Bonds.

Tax-Exempt Status of the Bonds

The exclusion from federal gross income of interest on the Bonds is based on the continued compliance of the Town with certain covenants relating generally to restriction on use of bond proceeds, arbitrage limitations and rebate of certain excess investment earnings to the Federal government. Failure to comply with such covenants could cause interest on the Bonds to become subject to Federal income taxation retroactive to the date of issuance of the Bonds. See "SECTION I - SECURITIES OFFERED - Tax Matters" in this Official Statement.

Repayment of the Bonds and Potential Effects of Bankruptcy

The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds or judgments thereon, in priority to other claims. Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Under the federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and to any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Limitations on Enforcement of Remedies

The remedies available to the Registered Owners of the Bonds upon an event of default under the Bonds are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State, and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Forward-Looking Statements

This Official Statement, including the Appendices, contains certain statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

Qualification for Financial Institutions

The Bonds shall **NOT** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Book-Entry-Only System

Unless otherwise noted, the description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of interest and other payments on the Bonds to DTC participants or beneficial owners of the Bonds, confirmation and transfer of beneficial ownership interest in the Bonds and other bond-related transactions by and between DTC, the DTC participants and beneficial owners of the Bonds is based solely on information provided on DTC's website and presumed to be reliable. Accordingly, neither the Town nor the Underwriter make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or its Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

NEITHER THE TOWN, THE PAYING AGENT, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; AND (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

DTC Practices

The Town can make no assurances that DTC, DTC Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its Participants which are on file with the Securities and Exchange Commission.

Replacement Bonds

In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will issue fully registered Bond certificates directly to the Beneficial Owners. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

Underwriting

The Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Town at the net

aggregate purchase price of \$33,055,535.85 (consisting of the principal amount of \$29,415,000.00, plus net original issue premium of \$3,805,610.85, less underwriters' discount of \$165,075.00). The Underwriter will be obligated to purchase all Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

SECTION II - THE ISSUER

Description of the Town

The Town of Hamden was first settled in 1664. On May 1, 1786, Hamden withdrew from New Haven and was incorporated as Connecticut's ninetieth town. Located north of New Haven, and bordering Woodbridge, Bethany, Cheshire and North Haven, the Town is located approximately 85 miles east of New York City and 35 miles southwest of Hartford, Connecticut. The Town encompasses approximately 33 square miles within New Haven County.

The Town is traversed by two major highways, the Wilbur Cross Parkway (Route 15) and Interstate 91 (via the Rt. 40 connector). The Town's location also provides quick access to the Connecticut Turnpike (Interstate 95). Metro-North, Amtrak and Conrail in New Haven provide rail service to Boston and New York. Commercial, cultural and educational amenities in New Haven and New York City are accessible via state and interstate highways. Regional air transportation needs are provided at Tweed-New Haven Airport in New Haven. National and international air service is provided by Bradley International Airport in Connecticut and Kennedy, LaGuardia International and Newark Airports in New York/New Jersey.

Hamden is an attractive residential community with a diversified economic base and a population of approximately 61,000. Major employers include the Town of Hamden and its Board of Education, Quinnipiac University, Arden House Care & Rehabilitation Center, Stop & Shop, Area Cooperative Educational Services ("ACES"), Whitney Center, Children's Center, AAA and Hamden Healthcare. Primary business clusters of health care, bioscience, and education are fueled by Hamden's proximity to major academic institutions, including Yale University, Albertus Magnus College, Southern Connecticut State University, and the University of New Haven. Hamden's population is slightly older and more educated when compared to that of the State as a whole. These factors, along with the diversified economic base, contribute to an unemployment rate that is consistently below regional and state averages.

The public school system of the Town provides a balanced curriculum for approximately 6,000 students. There are several vocational training facilities, private secondary schools, colleges and universities in close proximity to the Town that offer a variety of educational programs. Town residents are within minutes from St. Raphael's and Yale-New Haven Hospitals which are located in New Haven. Numerous private medical practitioners are located in the Hamden-New Haven region.

Form of Government

The Town is organized and has operated since 1965 under the Mayor-Council form of government. The current Charter was adopted on November 8, 2011. General Town elections are held on the first Tuesday in November of each odd-numbered year to elect the Mayor, Town Clerk and the Legislative Council. The terms of office are for two years and commence at noon on the last Sunday of November following the election.

The Legislative Council (the "Council") comprises six members elected at large and one member elected from each of the nine voting districts in existence as of July 1, 1975. All serve without compensation except for an annual stipend of \$1,200 each. The Council, by a majority vote, but not less than every ten years, may determine that redistricting is necessary and appoint a commission to re-divide the Town so that each voting district shall contain an equal number of voters. The members of the Council choose one member to be President of the Council. The President presides over all Council meetings.

Under the current Town Charter, the legislative power of the Town is vested exclusively in the Council. The Council has the power to enact, amend or repeal ordinances not inconsistent with the Charter or the Connecticut General Statutes and to provide for the preservation of good order, peace, health and safety of the Town and its inhabitants. At least one public hearing must be held before any ordinance can be passed, except for ordinances relating to procedures of the Council or a public emergency. The electors have the power to approve or reject an ordinance by petition for referendum, as provided in the Charter. As the fiscal authority of the Town, the Council adopts the budget and may fix the tax rate in mills. Should the Council not adopt a budget ten days before the end of the fiscal year, the budget as originally submitted by the Mayor is deemed to have been adopted by the Council, and the Mayor then has the right to fix the tax rate.

Principal Municipal Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Length of Service</u>
Mayor	Scott D. Jackson	Elected/2 years	3½ years ¹
Chief Administrative Officer	Curt B. Leng	Appointed/indefinite	3 ½ years
Director of Finance.....	Salvatore DeCola	Appointed/indefinite	1 year
Town Clerk	Vera A. Morrison	Elected/2 years	18 years
Tax Collector	Barbara Tito	Appointed/indefinite	31 years
Assessor	Ross Murray	Appointed/indefinite	3 months
Superintendent of Schools	Fran Rabinowitz	Appointed/indefinite	6 years
Deputy Finance Director	Amaechi E. Obi	Appointed/indefinite	25 years

¹Mayor Jackson took office in November, 2009. Prior to his election, Mayor Jackson served as the Town’s Chief Administrative Officer for four years.

Summary of Municipal Services

Police Protection: The Police Department is responsible for the prevention and deterrence of crime, apprehension of offenders, return of property, efficient control and movement of traffic, and the provision of public safety. It is responsible for the enforcement of all laws, ordinances and regulations governing the criminal and motor vehicle codes and the protection of all guarantees provided by the U.S. and State of Connecticut constitutions. The Department is also responsible for staffing and supervising the Central Communications Division for all police, fire and medical requests for service to the public. The Department is staffed by 106 sworn police officers, 25 civilian employees and 24 school crossing guards.

Fire Protection and Emergency Medical Service: Fire protection and emergency medical services are provided by a combination career and volunteer Fire Department consisting of 92 paid career firefighters and officers, nine staff personnel and 40 volunteers. The Town operates seven fire stations, five staffed full-time, one staffed by both career and volunteer firefighters and two staffed by volunteers. The Fire Department operates 15 emergency response vehicles as well as 12 support vehicles and pieces of equipment for specialty services such as hazardous materials and technical rescue response. Full-time paramedic service is provided with two fire-rescue vehicles. In addition, the Fire Department supports a professional mountain rescue team which responds to high-angle emergencies when requested. Ambulance transport is provided to the Town by American Medical Response from New Haven.

Planning and Zoning: The Town has a combined Planning and Zoning Commission of nine members and three alternates. A professional staff is available to ensure that development conforms to Hamden and state codes. The Planning and Zoning Department has created a computerized permit database that helps both staff and the public determine the current approved zoning uses and evaluate changes over time.

Public Works and Parks: Supervised by the Director of Public Works, the Department of Public Works has a staff of 61 employees, organized into five divisions, as follows: Streets and Bridges, Sanitation, Parkway and Trees, Buildings and Grounds, and Fleet Maintenance. The department's responsibilities include road maintenance and repair, snow plowing, and tree removal, as well as the maintenance and cleaning of storm sewers. Its administration is responsible for the continuous flow of paper work and, with the assistance of a dispatcher, a timely and courteous response to telephone calls. Numbering ten employees, the Parks Division maintains the Town's parks, ten miles of canal line, and ball fields.

Engineering: The Engineering Department provides professional engineering services to assist in maintaining and improving the Town’s infrastructure. It provides or supervises planning, surveying, design, and construction administration and inspection services for Town capital improvement projects, including highway, bridge, storm drainage, and other infrastructure projects. The Engineering Department also reviews plans and other technical information submitted by developers for compliance with Town design and construction standards and good engineering practice. It comments to the Planning and Zoning and Inland Wetlands commissions, coordinates compliance with the Town’s Stormwater Management Permit, issues permits for and inspects work within the Town highway rights-of-way, including utility

excavation, driveways, sidewalks, and storm sewer connections, and inspects sidewalks for tripping hazards and for snow and ice removal. The Department oversees Town sidewalk repair and permanent trench repair contracts and serves as liaison to state and federal agencies and utility companies regarding capital improvement projects. Also, the Department maintains Geographic Information System ("GIS") data regarding the Town's infrastructure, such as the storm drainage system, sidewalks, pavement, and bridges.

Economic and Community Development: The Economic and Community Development Department fosters and develops initiatives to maintain/expand existing businesses and to attract new businesses. These initiatives include neighborhood revitalization projects, property development, and negotiation for clusters in retail, health care, financial services, insurance and manufacturing. Programs administered include tax incentives; small-business loans; streetscape; redevelopment initiatives through the Hamden Economic Development Corporation; Community Development Block Grants ("CDBG"); a Business Assistance Center; Economic Development Web Page (www.hamden-ct.com); marketing and recruitment; brown fields redevelopment; and workforce readiness initiatives. The office has three staff members paid by the Town and two funded by CDBG. It interacts with the business community, various community organizations, and Town, state and federal agencies.

Since 2001 the total increase in tax base directly from expansions and relocations included a total of over \$29,000,000 or over \$650,000 annually in net tax revenue of new grand list growth attributed to the Business Incentive Program as well as larger project development investment resulting in a total of \$5.6 million in new anticipated tax revenue.

Many of the Town's industry clusters have grown despite the recent downturn in the State and regional economy. From 2009 to the present there has been over \$6.5 million of new investment in manufacturing relating to over 100,000 square feet of space.

The recent investment of over \$380,000,000 derived from larger projects have yielded over \$6.5 million in new tax revenue for the Town as well as having a major impact on the local economy in the neighborhoods where the projects exist. This is due to the large number of employees for many of the facilities. For example the \$100 million Connecticut Transit facility employs over 300 people working in two shifts. These employees have already produced a positive increase in economic activity for smaller local businesses.

Two other large projects will also have a major impact in Hamden. The York Hill Campus of Quinnipiac University includes over 2,000 dorm rooms, a student center and a major athletic facility having a significant impact on small business growth throughout Hamden as well as providing over \$3 million in new tax revenue for the Town. The Whitney Center, an assisted living facility, is currently the 2nd largest taxpayer in the Town. It's \$50 million phase I expansion is complete and its \$75 million phase II expansion is expected to be completed in 2015 will result in over \$1 million in new tax revenue and will include new jobs as well many new residents with significant wealth/capital to invest in Hamden.

Human Services: The Elderly Services Department functions as the central resource center for information regarding programs, activities and services for elderly residents, individuals, and families who need assistance in caring for elderly relatives. The Department oversees the operation of the Miller Senior Center, a multi-purpose facility located at 2901 Dixwell Avenue. In addition, Town government includes departments dedicated to community and youth services, as well as to the development of personnel for full-time work force.

Recreation: The Town recently merged its Arts Commission with the Parks and Recreation Department to create a new department known as Arts, Recreation & Culture. In 2011, the Town reorganized Parks & Recreation by transferring a division of that department to Public Works in order to satisfy the ever-growing need of sports groups for access to more and better-conditioned surfaces. The portion of the department not transferred to Public Works sought to create new programs and to work with the Arts Commission and Youth Services to expand programming. Opportunities for new synergies in the delivery of recreation and arts have emerged through an analysis of a mutually beneficial partnership with Southern Connecticut State University. Cost-savings will be limited, but the enhanced service offerings by Arts, Recreation & Culture will result in a higher level of service and diversification of available programs.

Library: The Hamden Public Library, the community's information center, provides a variety of library resources, access to innovative technology and a knowledgeable staff to improve the quality of life and meet the informational, educational and cultural interests of the community. Service locations are the Miller Memorial Central Library, the Brundage-Community Branch and the Whitneyville Branch. Approximately 19,853 residents have library cards. The collection consists of approximately 206,000 books, magazines, paperbacks, CDs, DVDs, and audio books. The libraries offer a local area network providing access to databases, access to the statewide holdings at Connecticut libraries and access to the internet for the public. The Miller Library offers wireless access. The public access catalog is available in all the libraries or from home through the library's website: www.hamdenlibrary.org. The libraries provide programs for children and work cooperatively with the schools and the Hamden Partnership for Young Children.

Water: Water is supplied to the Town by the South Central Connecticut Regional Water Authority, formerly known as the New Haven Water Company.

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

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

The Town's obligation to pay disposal fees is absolute and unconditional so long as Covanta accepts the Town's solid waste. The Town has pledged its full faith and credit to the payment of the disposal fees and has agreed to enforce or levy and collect all taxes, cost-sharing or other assessments or charges and take other such action as may be necessary to pay the fees. For the fiscal years ended June 30, 2010, 2011 and 2012, the disposal fees under the old contract were \$60, \$65 and \$66.21 per ton, respectively. In fiscal year 2013, the fee is \$67.90 per ton.

Educational System

The Town's school system serves approximately 6,000 students and comprises one Early Learning Center for pre-K students, eight elementary schools for pupils in grades kindergarten through 6, one middle school for grades 7 and 8, an inter-district K-12 magnet school, and one high school for grades 9 through 12. The Board of Education also conducts pre-school programs at the Church Street, Helen Street and Alice Peck Schools. The schools are governed by a nine-member Board of Education. Also located in the Town are three parochial elementary schools and three private college preparatory schools.

Educational Facilities

<u>School</u>	<u>Grades</u>	<u>Date Built (Latest Renovations)</u>	<u>Number of Classrooms</u>	<u>Enrollment 10/1/12</u>	<u>Designed Capacity</u>
Alice Peck Elementary School	Pre-K	1954 (1991)	18	101	300
Bear Path Elementary School	K-6	2003	25	463	495
Dunbar Hill Elementary School	K-6	1950 (1995)	18	308	403
Helen Street Elementary School	K-6	1992	20	288	350
Ridge Hill Elementary School	K-6	1971 (2011)	22 open classrooms	334	560
Shepherd Glen Elementary School	K-6	1972	17 open classrooms	336	477
Spring Glen Elementary School	K-6	2003	22	429	450
West Woods Elementary School ...	K-6	1973	24	461	510
Church Street Elementary School .	K-6	1991	28	371	438
Hamden Middle School	7-8	2006	66	900	1,155
Hamden High School	9-12	1935 (1998)	77	1,805	2,100
Central Office (Administration)	N/A	1915 (2011)	N/A	<u> </u>	<u> </u>
Total				5,796	7,238

School Enrollments

<u>School Year</u>	<u>Pre-K-6</u>	<u>7-8</u>	<u>9-12</u>	<u>Special Ed¹</u>	<u>Total</u>
<i>Historical</i>					
2001-02	3,349	971	1,986	109	6,415
2002-03	3,206	1,018	2,094	120	6,438
2003-04	3,069	961	2,133	197	6,360
	<u>Pre-K-6</u>	<u>7-8</u>	<u>9-12</u>		<u>Total</u>
2004-05	3,160	949	2,208		6,317
2005-06	2,979	983	2,152		6,114
2006-07	3,029	975	2,187		6,191
2007-08	3,150	912	2,191		6,253
2008-09	3,086	866	2,113		6,065
2009-10	3,086	881	1,973		5,940
2010-11	3,148	900	1,937		5,985
2011-12	3,079	906	1,852		5,837
2012-13	3,091	900	1,805		5,796
<i>Projected</i>					
2013-14	3,091	900	1,805		5,796
2014-15	3,091	900	1,805		5,796
2015-16	3,091	900	1,805		5,796

¹Beginning in fiscal year 2004-05 Special Education students were counted in their respective grades and not counted separately.

Municipal Employees¹

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Government	416	470	447	459	459
Board of Education	<u>804</u>	<u>804</u>	<u>804</u>	<u>804</u>	<u>803</u>
Total	1,220	1,274	1,251	1,263	1,262

¹The figures shown above regarding municipal employees comprise full-time, part-time and permanent staff. Over the past thirteen months, the Town has made reductions to reduce its full-time staff by more than forty (40) positions, a reduction of approximately 10%.

Municipal Employees Bargaining Organizations

<u>Employees</u>		<u>Positions Covered</u>	<u>Current Contract Expiration Date</u>
<i>General Government</i>			
Police	AFSCME Co. #15, Local 907	102	06/30/14
Firefighters	Local 2687, International Association of Firefighters	92	06/30/14
Public Works	Local 424, UPSEU Unit #1	55	06/30/13
Town Hall /Engineering	Council #4, AFSCME, Local 2863	91	06/30/13
Dispatchers	UE Local #222, CILU/CIPU	16	06/30/13
Parks and Recreation	Local 424, UPSEU Unit #36	19	06/30/13
Library	Local 1303-115, Council #4, AFSCME	40	06/30/13
Supervisors	Local 424, UPSEU Unit #23	32	06/30/13
Non-bargaining	N/A	<u>23</u>	N/A
		470	
<i>Board of Education</i>			
Custodians and Maintenance	Local 431, Council #4, AFSCME, AFL-CIO	51	06/30/12 ¹
Teachers	Hamden Education Association, Local 57	545	06/30/15
Administrators	Association of Hamden Public School Administrators, AHPSA, AFL-CIO	27	06/30/14
Nurses	Hamden School Nurses Association, CILU	17	06/30/16
Clerical and Paraprofessionals	Local 424, UPSEU Unit #2	134	06/30/15
Security Guards	Local 1303-373, AFSCME	10	06/30/16
Supervisors	UPSEU Local 424	9	06/30/12 ¹
Non-bargaining	N/A	<u>11</u>	N/A
		804	
Total		1,274	

¹ In negotiations.

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject the arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SECTION III - ECONOMIC AND DEMOGRAPHIC DATA SECTION

Population Trends and Densities

<u>Year</u>	<u>Population¹</u>	<u>Percent Change</u>	<u>Density²</u>
2010	60,960	7.1	1,831
2000	56,913	8.5	1,709
1990	52,434	2.7	1,575
1980	51,071	3.5	1,534
1970	49,357	20.2	1,482
1960	41,056	-	1,233

Sources: ¹U.S. Department of Commerce, Bureau of Census, Census of Population 1960-2010.

² Population per square mile: 33.3 square miles.

Age Distribution of the Population¹

<u>Age¹</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 years	3,179	5.2	202,106	5.7
5 to 9 years	3,034	5.0	222,571	6.2
10 to 14 years	3,239	5.3	240,265	6.7
15 to 19 years	5,400	8.9	250,834	7.0
20 to 24 years	6,490	10.6	227,898	6.4
25 to 34 years	7,480	12.3	420,377	11.8
35 to 44 years	7,498	12.3	484,438	13.5
45 to 54 years	8,268	13.6	575,597	16.1
55 to 59 years	3,892	6.4	240,157	6.7
60 to 64 years	3,309	5.4	203,295	5.7
65 to 74 years	3,972	6.5	254,944	7.1
75 to 84 years	3,186	5.2	166,717	4.7
85 years and over	<u>2,013</u>	<u>3.3</u>	<u>84,898</u>	<u>2.4</u>
Total	60,960	100.0	3,574,097	100.0
2010 median age (years) ¹	37.4	-	40.0	-
2000 median age (years) ²	37.7	-	37.4	-

Source: ¹U.S. Department of Commerce, Bureau of Census, 2010 Census.

²U.S. Department of Commerce, Bureau of Census, 2000 Census.

Income Distribution

	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ 0 – 9,999	251	1.7	28,163	3.1
10,000 – 14,999	222	1.5	18,987	2.1
15,000 – 24,999	486	3.3	48,016	5.3
25,000 – 34,999	962	6.5	57,101	6.3
35,000 – 49,999	1,219	8.2	91,930	10.1
50,000 – 74,999	2,860	19.3	155,098	17.0
75,000 – 99,999	2,620	17.7	142,615	15.6
100,000 – 149,999	3,596	24.3	190,257	20.9
150,000 – 199,999	1,381	9.3	81,689	8.9
200,000 and over	<u>1,222</u>	<u>8.2</u>	<u>97,797</u>	<u>10.7</u>
Total	14,819	100.0	911,653	100.0

Source: 2006–2010 American Community Survey.

Comparative Income Measures

	<u>Town of Hamden</u>	<u>State of Connecticut</u>
Per capita income, 2010	\$34,596	\$36,775
Median family income, 2010	\$88,613	\$84,170
Median household income, 2010	\$66,695	\$67,740

Source: 2006–2010 American Community Survey.

**Educational Attainment
(Years of School Completed – Age 25 and Over)**

	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9 th grade	1,171	2.9	112,149	4.7
9 th to 12 th grade, no diploma	1,967	4.8	167,250	7.0
High school graduate	11,250	27.3	685,158	28.6
Some college, no degree	7,481	18.2	415,439	17.3
Associate’s degree	2,648	6.4	174,712	7.3
Bachelor’s degree	8,119	19.7	476,316	19.8
Graduate or professional degree	<u>8,514</u>	<u>20.7</u>	<u>367,259</u>	<u>15.3</u>
Total	41,150	100.0	2,398,283	100.0
Total high school graduate or higher	-	92.4	-	88.4
Total bachelor’s degree or higher	-	40.4	-	35.2

Source: 2006–2010 American Community Survey.

Labor Force Data

Unemployment Rate

<u>Reporting Period Average</u>	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Town of Hamden</u>	<u>New Haven Labor Market</u>	<u>State of Connecticut</u>
March 2013	31,402	28,970	2,432	7.7	8.5	8.2
2012	32,358	29,662	2,696	8.3	8.7	8.4
2011	32,836	30,032	2,804	8.5	9.2	8.8
2010	31,501	28,793	2,708	8.6	9.3	9.1
2009	31,166	28,805	2,361	7.6	8.2	8.2
2008	31,019	29,327	1,692	5.5	5.9	5.7
2007	30,659	29,289	1,370	4.5	4.8	4.6
2006	30,511	29,202	1,309	4.3	4.6	4.4
2005	30,184	28,765	1,419	4.7	5.0	4.9
2004	30,049	28,676	1,373	4.6	4.9	4.9
2003	30,170	28,651	1,519	5.0	5.4	5.5
2002	29,935	28,755	1,180	3.9	4.3	4.4

Source: State of Connecticut, Labor Department, Office of Research.

Industry Classification

<u>Sector</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fishing, hunting, and mining	21	0.1	6,592	0.4
Construction	1,135	3.5	112,301	6.4
Manufacturing	2,765	8.6	207,476	11.7
Wholesale trade	691	2.2	47,436	2.7
Retail trade	2,934	9.2	195,667	11.1
Transportation, warehousing and utilities	237	3.9	67,556	3.8
Information	891	2.8	46,077	2.6
Finance, insurance, real estate and leasing	2,629	8.2	167,484	9.5
Professional, scientific, management, administrative and waste management	3,178	9.9	189,671	10.7
Educational, health and social services	11,448	35.7	438,801	24.8
Arts, entertainment, recreation, accommodation and food services	2,355	7.3	140,551	8.0
Other services	1,395	4.4	78,859	4.5
Public administration	<u>1,345</u>	<u>4.2</u>	<u>67,078</u>	<u>3.8</u>
Total	32,024	100.0	1,765,549	100.0

Source: 2006–2010 American Community Survey.

Major Employers

The following are among the most significant employers in the Town of Hamden as of March 2013

<u>Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
Town of Hamden/ Board of Education	Municipality	1,220
Quinnipiac University	Education	875
Stop & Shop	Food store	372
Ardenhouse Care & Rehabilitation Center	Nursing home	370
AAA	Automobile club	275
ACES	Special education services	250
Whitney Center	Assisted living	250
Children's Center	Child care agency	235
Hamden Health Care	Nursing home	205
XL Care Agencies of CT	Home health care	158
State of Connecticut, Department of Children and Families	State agency	158
Porcelen SPECRAIL	Fence manufacturer	125
Shop Rite Supermarket.....	Food store	115
EZ Form Cable	Electrical manufacturer	90

Commute to Work (16 years of age and over)

	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Drove alone	25,304	81.3	1,364,621	79.1
Car pools	2,884	9.3	143,679	8.3
Using public transportation	816	2.6	76,305	4.4
Walked	1,042	3.3	51,957	3.0
Using other means	122	0.4	21,463	1.2
Worked at home	<u>951</u>	<u>3.1</u>	<u>68,071</u>	<u>4.0</u>
Total	31,119	100.0	1,726,096	100.0
Mean travel to work (minutes)	22.5	-	24.6	-

Source: 2006–2010 American Community Survey.

Number and Value of Building Permits¹

<u>Fiscal Year</u>	<u>Number</u>	<u>Total</u>
		<u>Value</u>
2011-12	2,551	\$ 33,180,649
2010-11	2,147	31,204,542
2009-10	2,034	102,483,551
2008-09	1,623	71,975,422
2007-08	2,077	161,547,932
2006-07	2,260	56,976,264
2005-06	2,267	84,261,953
2004-05	1,835	46,501,819
2003-04	1,698	25,046,511
2002-03	1,899	28,626,521
2001-02	1,918	112,959,874

¹ Includes residential and commercial construction.

Age Distribution of Housing

<u>Year Structure Built</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Built in 1939 or earlier	4,732	18.5	351,823	23.9
Built in 1940-1949	2,826	11.1	109,487	7.4
Built in 1950-1959	5,145	20.1	225,730	15.3
Built in 1960-1969	3,187	12.5	198,079	13.4
Built in 1970-1979	3,080	12.1	202,661	13.7
Built in 1980-1989	3,238	12.7	189,562	12.9
Built in 1990-1999	2,139	8.4	108,780	7.4
Built in 2000-2004	1,035	4.0	61,101	4.1
Built in 2005 or later	<u>154</u>	<u>0.6</u>	<u>28,434</u>	<u>1.9</u>
Total	25,536	100.0	1,475,657	100.0

Source: 2006-2010 American Community Survey.

Housing Units by Type of Structure

<u>Household Characteristics</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Single-family detached	14,382	56.3	874,259	59.2
Single-family attached	1,392	5.5	76,187	5.2
Multifamily	9,729	38.1	512,014	34.7
Mobile home, trailer, or other	<u>33</u>	<u>0.1</u>	<u>13,197</u>	<u>0.9</u>
Total	25,536	100.0	1,475,657	100.0

Source: 2006-2010 American Community Survey.

Housing Unit Vacancy Rates

<u>Housing Units</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Occupied housing units	24,099	94.4	1,359,218	92.1
Vacant housing units	1,437	5.6	116,439	7.9
Total units	25,536	100.0	1,475,657	100.0
Homeowner vacancy rate	-	0.8	-	1.4
Rental vacancy rate	-	6.0	-	7.0

U.S. Department of Commerce, Bureau of Census, 2010 Census.

Owner-occupied Housing Units

	<u>Town of Hamden</u>	<u>State of Connecticut</u>
Total owner-occupied units	16,371	939,984
Persons per unit	2.53	2.65

<u>Value of Specified Owner-occupied Units</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$50,000	186	1.1	13,644	1.4
\$ 50,000 to \$ 99,999	287	1.7	18,668	2.0
\$100,000 to \$149,999	1,002	6.1	56,161	6.0
\$150,000 to \$199,999	2,404	14.7	122,274	13.0
\$200,000 to \$299,999	6,842	41.8	267,519	28.4
\$300,000 to \$499,999	4,792	29.3	280,008	29.8
\$500,000 to \$999,999	781	4.8	134,075	14.3
\$1,000,000 or more	77	0.5	47,635	5.1
Total	16,371	100.0	939,984	100.0
Median value	\$254,400	-	\$296,500	-

Source: 2006–2010 American Community Survey.

Number and Size of Households

<u>Household Characteristics</u>	<u>Town of Hamden</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Persons in households	56,162	-	3,455,945	-
Persons per household (average)	2.37	-	2.52	-
Persons per family	3.01	-	3.08	-
Family households	14,300	60.3	908,661	66.3
Non-family households	<u>9,427</u>	<u>39.7</u>	<u>462,426</u>	<u>33.7</u>
All households	23,727	100.0	1,371,087	100.0
Family households by type				
Married couple	10,525	73.6	672,013	73.9
Female householders, no spouse	2,960	20.7	176,973	19.5
Other	<u>815</u>	<u>5.7</u>	<u>59,675</u>	<u>6.6</u>
Total family households	14,300	100.0	908,661	100.0
Non-family households by type				
Householders living alone	7,393	78.4	373,648	80.8
Other	<u>2,034</u>	<u>21.6</u>	<u>88,778</u>	<u>19.2</u>
Total non-family households	9,427	100.0	462,426	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2010 Census.

Breakdown of Land Use

<u>Land Use Category</u>	<u>Total Acreage</u>	<u>Percent</u>
Developed	9,340	44.2
Vacant	4,694	22.2
Open space	<u>7,086</u>	<u>33.6</u>
Total	21,120	100.0

SECTION IV – DEBT SECTION

**Debt Summary
As of May 15, 2013
(Pro Forma)**

Outstanding Short-term Debt

<u>Project</u>	<u>Amount Authorized</u>	<u>Notes Outstanding</u>	<u>Maturity Date</u>
Bear Path School	\$ 14,280,000	\$ 255,000	08/22/13
2011-12 Capital Improvements	7,039,000	225,000	08/22/13
2007-08 Capital Improvements	6,874,100	494,321	08/22/13
2012-13 Public Improvements	9,985,000	9,980,679	08/22/13
Road and Sidewalk Improvements	3,500,000	3,500,000	08/22/13
Emergency Snow Removal	2,500,000	<u>2,500,000</u>	08/22/13
Total		\$16,955,000	

Outstanding Bonded Debt¹

<u>Dated Date</u>	<u>Final Maturity</u>	<u>Purpose</u>	<u>Interest Rate (%)</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>
06/01/03	07/15/13	Various purpose	3.00-4.75	\$20,935,000	\$ 1,330,000
09/15/04	07/15/20	Various purpose refunding	2.70-5.00	23,325,000	12,115,000
07/15/05	07/15/25	Various purpose - Series A	3.25-5.00	24,305,000	930,000
07/15/06	07/15/25	Various purpose	4.00-6.00	9,695,000	485,000
08/15/09	08/15/29	Various purpose - Series A	2.75-4.50	12,215,000	9,740,000
08/15/09	08/15/19	Land acquisition - Series B	3.50-5.50	4,000,000	3,190,000
06/01/10	08/15/20	Various purpose refunding, Series A	3.00-4.00	4,950,000	3,200,000
06/01/10	08/15/20	Various purpose refunding, Series B	3.00-5.00	7,730,000	5,040,000
08/24/11	08/15/31	Various purpose	2.00-4.25	34,000,000	28,840,000
10/06/11	07/15/20	Various purpose	3.00-4.00	13,150,000	13,150,000
08/23/12	08/15/32	Various purpose	2.00-5.00	24,705,000	22,235,000
05/15/13	08/15/25	This issue	3.00-5.00	29,415,000	<u>29,415,000</u>
Total					\$129,670,000

¹Excludes the Refunded Bonds.

Overlapping/Underlying Debt

The Town of Hamden does not have overlapping or underlying debt.

Bonded Debt Maturity Schedule¹
As of May 15, 2013
(Pro Forma)

Fiscal Year Ending	Principal Payments	Interest Payments²	Total Payments	This Issue	Cumulative Principal Retired (%)
2013 ³	\$ -	\$ -	\$ -	\$ -	-
2014	10,630,000	4,016,916	14,646,916	-	8.20
2015	7,935,000	3,262,464	11,197,464	-	14.32
2016	7,410,000	2,958,814	10,368,814	-	20.03
2017	8,470,000	2,669,235	11,139,235	-	26.56
2018	8,070,000	2,371,269	10,441,269	2,625,000	34.81
2019	6,780,000	2,104,375	8,884,375	2,685,000	42.11
2020	5,520,000	1,886,319	7,406,319	3,835,000	49.33
2021	4,910,000	1,682,409	6,592,409	3,665,000	55.94
2022	3,850,000	1,510,769	5,360,769	3,750,000	61.80
2023	3,850,000	1,366,866	5,216,866	3,835,000	67.73
2024	3,850,000	1,225,869	5,075,869	2,970,000	72.99
2025	3,850,000	1,091,909	4,941,909	3,015,000	78.28
2026	3,585,000	960,756	4,545,756	3,035,000	83.38
2027	3,585,000	818,000	4,403,000	-	86.15
2028	3,585,000	657,875	4,242,875	-	88.91
2029	3,585,000	505,469	4,090,469	-	91.68
2030	3,585,000	360,406	3,945,406	-	94.44
2031	2,985,000	227,344	3,212,344	-	96.75
2032	2,985,000	106,656	3,091,656	-	99.05
2033	<u>1,235,000</u>	<u>23,156</u>	<u>1,258,156</u>	<u>-</u>	100.00
Total	\$100,255,000	\$29,806,876	\$130,061,876	\$29,415,000	

¹ Excludes the Refunded Bonds.

² Does not include interest on this issue.

³ Excludes \$10,550,000 principal payments and \$4,959,406 interest payments made from July 1, 2012 through May 15, 2013.

**THE TOWN OF HAMDEN HAS NEVER DEFAULTED IN THE PAYMENT OF ITS
DEBT OBLIGATIONS EITHER AS TO PRINCIPAL OR INTEREST**

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of state and/or federal grants. If written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in

one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

**Statement of Statutory Debt Limitation
As of May 15, 2013
(Pro Forma)**

Debt Limitation Base

Total tax collections, including interest and lien fees, for the fiscal year ended June 30, 2012	\$139,921,928
Debt Limitation Base	\$139,921,928

Debt Margin

<u>Debt Limitation by Purpose</u>	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit Funding</u>	<u>Total</u>
2.25 x base	\$314,824,338					\$314,824,338
4.50 x base	-	\$629,648,676				629,648,676
3.75 x base	-	-	\$524,707,230			524,707,230
3.25 x base	-	-	-	\$454,746,266		454,746,266
3.00 x base	-	-	-	-	\$419,765,785	419,765,785
Total debt limitation	314,824,338	629,648,676	524,707,230	454,746,266	419,765,785	2,343,692,295
Less indebtedness: ¹						
This issue	14,941,600	14,473,400	-	-	-	29,415,000
Notes outstanding	16,475,000	480,000	-	-	-	16,955,000
Bonds payable	71,608,272	28,450,928	195,800	-	-	100,255,000
Bonds authorized but unissued	20,791,996	820,732	-	-	-	21,612,728
Total indebtedness	123,816,868	44,225,060	195,800	-	-	168,237,728
Less school construction grants receivable						
	-	5,042,233	-	-	-	5,042,233
Total net indebtedness	123,816,868	39,182,827	195,800	-	-	163,195,495
Debt limitation in excess of outstanding and authorized debt						
	\$191,007,470	\$590,465,849	\$524,511,430	\$454,746,266	\$419,765,785	\$2,180,496,800

¹ Excludes the Refunded Bonds.

The General Statutes require that in no event shall the total debt for the Town of Hamden exceed seven (7) times the annual receipts from taxation. Maximum debt for the Town of Hamden under this formula is \$978,900,566.

Authorized but Unissued Debt
As of May 15, 2013
(Pro Forma)

<u>Project</u>	<u>Bonds</u> <u>Authorized</u>	<u>Bond</u> <u>Ordinance</u> <u>Number</u>	<u>Bonds</u> <u>Issued</u>	<u>Notes</u> <u>Outstanding</u>	<u>Paydowns/</u> <u>Grants</u>	<u>Authorized</u> <u>but</u> <u>Unissued</u>
Bear Path School ¹	\$14,280,000	412	\$ 5,778,900	\$ 255,000	\$7,991,077	\$ 510,023
High school improvements ¹	2,980,000	486,530	1,882,690	-	1,034,832	62,478
Farmington Canal, Phase I, II, IIA ²	810,000	518	760,000	-	-	50,000
Farmington Canal Greenway (Phase III) ¹	5,350,000	531	180,000	-	2,396,725	2,773,275
Board of Education alarm system ¹	1,224,000	544	975,769	-	-	248,231
Short span bridges	2,264,400	545	902,000	-	98,000	1,264,400
2007-08 capital improvements	6,874,100	559,556	6,361,083	494,321	18,696	494,321
2011-12 capital improvements	7,039,000	611	6,589,000	225,000	225,000	225,000
2012-13 various public improvements	9,985,000	626	-	9,980,679	-	9,985,000
Road and sidewalk improvements	3,500,000	624	=	3,500,000	-	3,500,000
Emergency snow removal	2,500,000	630	-	2,500,000	-	2,500,000
Total	<u>\$56,806,500</u>		<u>\$23,429,442</u>	<u>\$16,955,000</u>	<u>\$11,764,330</u>	<u>\$21,612,728</u>

¹ The project is complete and the Town does not anticipate any further permanent borrowing.

² The remainder of the authorization is expected to be received in the form of state grants.

Current Debt Statement¹
As of May 15, 2013
(Pro Forma)

Bonded debt	
General purpose (including this issue)	\$ 86,549,872
Schools (including this issue)	42,924,328
Sewers	<u>195,800</u>
Total long-term bonded debt	129,670,000
Short-term debt	<u>16,955,000</u>
Direct debt	146,625,000
Less school construction grants receivable	<u>5,042,233</u>
Net direct debt.....	141,582,767
Overlapping/underlying debt	<u>-</u>
Total overall net debt	\$141,582,767

¹Excludes the Refunded Bonds.

**Current Debt Ratios
As of May 15, 2013
(Pro Forma)**

Population, 2010 ¹	60,960
Per capita income, 2010 ²	\$34,596
Net taxable grand list, 10/1/12	\$4,061,233,588
Estimated full value @ 70%	\$5,801,762,269
Equalized net grand list (2010) ³	\$5,754,354,481

	Direct Debt <u>\$146,625,000</u>	Net Direct Debt <u>\$141,582,767</u>	Total Overall Net Debt <u>\$141,582,767</u>
Per capita	\$2,405.27	\$2,322.55	\$2,322.55
To net taxable grand list	3.61%	3.49%	3.49%
To estimated full value	2.53%	2.44%	2.44%
To equalized net grand list	2.55%	2.46%	2.46%
Ratio of debt per capita to per capita income	6.95%	6.71%	6.71%

¹U.S. Department of Commerce, Bureau of Census, Census of Population, 2010 Census.

²2006–2010 American Community Survey.

³State of Connecticut, Office of Policy and Management.

Five-year Debt Statement Summary

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Population ¹	60,960	60,960	60,960	58,119	57,862
Net taxable grand list	\$4,022,853,966	\$4,310,212,858	\$4,306,772,827	\$4,306,772,827	\$4,263,927,334
Estimated full value	\$5,746,934,237	\$6,157,446,940	\$6,152,532,610	\$6,152,532,610	\$6,091,324,763
Equalized net taxable grand list	\$5,754,354,481	\$6,106,840,331	\$6,351,601,147	\$6,663,409,793	\$6,872,361,698
Per capita income ¹	\$34,596	\$34,596	\$34,596	\$26,039	\$26,039
Long-term debt	\$118,350,000	\$ 94,295,000	\$ 94,295,000	\$ 86,860,000	\$ 95,575,000
Short-term debt	<u>25,775,000</u>	<u>51,725,000</u>	<u>30,765,000</u>	<u>18,875,000</u>	<u>12,300,000</u>
Total overall debt	<u>\$144,125,000</u>	<u>\$146,020,000</u>	<u>\$125,060,000</u>	<u>\$105,735,000</u>	<u>\$107,875,000</u>

¹2006–2010 American Community Survey for 2010 and 2011; State of Connecticut Department of Public Health estimates for 2007–2009.

Five-year Debt Statement Summary Ratios

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Overall debt					
Per capita	\$2,364.26	\$2,395.34	\$2,051.51	\$1,819.28	\$1,864.35
To net taxable grand list	3.58%	3.39%	2.90%	2.45%	2.53%
To estimated full value	2.51%	2.37%	2.03%	1.72%	1.77%
To equalized net taxable grand list	2.50%	2.39%	1.97%	1.59%	1.57%
Debt per capita to per capita income	6.83%	6.92%	5.93%	6.99%	7.16%

**Comparison of Annual Debt Service
to General Fund Expenditures**

Fiscal Year Ended June 30	<u>Debt Service</u>	<u>Total Expenditures</u>	<u>Debt Service as Ratio to Total Expenditures</u>
2012	\$15,140,304	\$189,196,483	8.00%
2011	4,333,809	184,639,339	2.35
2010	13,693,306	181,852,150	7.53
2009	13,100,902	182,082,330	7.20
2008	13,491,417	176,573,319	7.64

Authority to Incur Debt

The Town of Hamden has the power to incur indebtedness as provided by the Connecticut General Statutes and the Town's Charter. Pursuant to Section 10-9 of the Charter, borrowing for capital projects that will cause the related debt service of the Town to exceed ten percent (10%) of the then current fiscal year's budget shall be submitted to binding referendum and borrowing for non-capital projects (e.g., the pension plans) that will cause the related debt service of the Town to exceed four percent (4%) of the then current year's budget shall be submitted to binding referendum.

SECTION V - FINANCIAL SECTION

The comparative balance sheets, statements of revenues, expenditures, and changes in fund balance for the General Fund and other financial information presented herein are derived from audited financial statements for fiscal years ended June 30, 2008 through 2012. The Town has provided budgetary information. The Town’s independent accountants have not examined, reviewed, or compiled any of the estimates or expressed any opinion or provided any other form of assurance with respect to such estimates, and, accordingly, assume no responsibility for them. The financial information presented herein is the responsibility of the Town’s management. See Appendix A - “Auditor’s Section” herein.

**Taxable Grand List
(\$ in thousands)**

Grand List 10/1	Residential Real Property Percent	Commercial and Industrial Real Property Percent	Other Percent	Personal Property Percent	Motor Vehicle Percent	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	Percent Change
2012	70.0%	14.0%	-	8.4%	7.6%	\$4,111,323	\$50,089	\$4,061,234	0.31
2011	70.2	14.3	-	7.8	7.7	4,101,879	53,113	4,048,766	0.64
2010	69.7	19.3	-	3.8	7.2	4,078,675	55,822	4,022,853	(6.79)
2009	73.0	16.8	-	3.6	6.6	4,354,733	44,520	4,310,213	0.08
2008	73.1	16.7	-	3.6	6.6	4,349,444	42,671	4,306,773	(0.08)
2007	73.0	16.8	-	3.2	7.0	4,351,943	41,640	4,310,303	1.09
2006	73.5	16.6	-	3.0	6.9	4,305,822	41,895	4,263,927	-

Date of last general revaluation, 10/1/2010.

Major Taxpayers

Name	Business	Taxable Valuation As of 10/1/12	Percent of Net Taxable Grand List
Baker Hamden LLC	Apartments	\$ 59,929,030	1.48
Whitney Center	Elderly health care facility	38,540,180	0.95
Hamden Developers LLC	Apartments	34,615,210	0.85
Fairfield Apple Hill LP	Apartments	32,386,900	0.80
2335 Rte 10 Hamden-CT Inc.	Retail	22,050,000	0.54
United Illuminating	Utility	20,690,090	0.50
Sermonte Associates	Apartments	20,010,970	0.49
MC Corporation	Retail	19,950,000	0.49
Hamden Plaza Associates	Apartments	14,840,000	0.37
Davenport Residence, Inc.	Apartments	<u>14,085,400</u>	<u>0.35</u>
Total		\$277,097,780	6.82

Net Taxable Grand List for 10/1/12: \$4,061,233,588.

Tax Collections

Fiscal Year Ended 6/30	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 3/15/13
2013	37.14	\$150,149,003		-----In collection-----	
2012	34.77	138,966,450	98.9	1.1	0.70
2011	31.16	133,375,296	98.5	1.5	0.40
2010	29.41	126,148,748	98.4	1.6	0.20
2009	29.42	126,857,937	98.5	1.5	-
2008	29.10	124,608,733	98.9	1.1	-
2007	27.95	118,310,721	98.9	1.1	-

¹Unaudited.

Property Taxes Revenues

The Town’s budget for fiscal year 2011–12 derives 75.66% of its annual revenues through a direct property tax. The following table summaries recent tax revenues as a percentage of total revenue.

<u>Fiscal Year Ended June 30</u>	<u>Tax Revenues as % of Total Revenues</u>
2012	75.66%
2011	75.21
2010	69.57
2009	71.03
2008	73.31
2007	73.86
2006	73.57

Comparative Balance Sheets - General Fund

	<u>6/30/12</u>	<u>6/30/11</u>	<u>6/30/10</u>	<u>6/30/09</u>	<u>6/30/08</u>
Assets					
Cash and cash equivalents	\$21,263,770	\$25,111,264	\$16,742,544	\$13,647,120	\$17,539,078
Receivables:					
Property taxes	4,534,255	4,111,497	4,489,138	3,802,712	4,217,937
Intergovernmental	8,451,679	11,058,862	12,056,110	12,965,308	14,005,903
Other	-	-	-	-	625,144
Due from other funds	<u>3,284,981</u>	<u>2,524,970</u>	<u>11,137,940</u>	<u>11,513,974</u>	<u>6,477,906</u>
Total assets	\$37,534,685	\$42,806,593	\$44,425,732	\$41,929,114	\$42,865,968
Liabilities and fund equity					
Liabilities					
Accounts payable and accrued expenses	\$ 7,492,382	\$ 7,423,652	\$ 8,064,139	\$10,187,047	\$12,348,973
Unearned revenues	1,404,069	1,476,464	1,926,045	1,515,387	1,377,062
Deferred revenue	10,453,059	11,700,316	12,820,778	14,305,718	15,630,379
Due to other funds	<u>16,990,184</u>	<u>21,648,597</u>	<u>21,040,095</u>	<u>7,296,193</u>	<u>5,765,366</u>
Total liabilities	36,339,694	42,249,029	43,851,057	33,304,345	35,121,780
Fund equity					
Unassigned	1,194,991	557,564	-	-	-
Reserved for encumbrances	-	-	-	-	-
Reserved for subsequent year's budget	-	-	-	2,100,000	-
Unreserved and undesignated	-	-	<u>574,675</u>	<u>6,524,769</u>	<u>7,744,188</u>
General Fund equity	<u>1,194,991</u>	<u>557,564</u>	<u>574,675</u>	<u>8,624,789</u>	<u>7,744,188</u>
Total liabilities and fund equity	\$37,534,685	\$42,806,593	\$44,425,732	\$41,929,114	\$42,865,968
Operating revenues	\$188,285,326	\$183,436,468	\$173,070,065	\$181,482,068	\$176,359,723
Fund balance as percent of operating revenues	0.63	0.30	0.33	4.75	4.39
Undesignated fund balance as percent of operating revenues	0.63	0.30	0.33	3.60	4.39

Proposed Budget for Fiscal 2013-14 and Fiscal Year 2012-13 Projections

	<u>2012-13 Adopted Budget</u>	<u>2012-13 Projections</u>	<u>2013-14 Proposed Budget</u>
Revenues			
Taxes	\$150,765,467	\$149,740,671	\$157,024,515
Intergovernmental	32,125,043	33,026,134	33,118,403
Departmental revenues	<u>9,602,118</u>	<u>9,000,692</u>	<u>9,795,531</u>
Total revenues	192,492,628	191,767,497	199,963,449
Expenditures			
General government	9,185,534	8,632,705	11,401,049
Public safety	23,778,708	23,500,175	23,909,756
Public works	11,816,651	11,703,411	10,788,642
Culture and recreation	2,784,704	2,605,997	2,705,760
Health and welfare	1,573,632	1,552,432	1,598,963
Employee benefits	46,183,887	46,040,612	51,242,500
Debt service	16,869,512	16,870,508	17,189,779
Board of Education	<u>80,300,000</u>	<u>80,300,000</u>	<u>81,100,000</u>
Total expenditures	192,492,628	191,205,840	199,936,449
Excess of revenues over expenditures	-	\$561,657	-

Based on projections as of April 2013 the projected unassigned fund balance for June 30, 2013 is expected to total approximately \$1,750,000.

	<u>6/30/12 Actuals</u>
Total fund balance as percent of operating revenues	0.639%
Unassigned fund balance as % operating revenues	0.63%

**General Fund Revenues, Expenditures and Changes in Fund Balance
(GAAP Basis)**

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Revenues					
Property taxes	\$139,969,770	\$133,437,247	\$125,961,736	\$126,262,807	\$125,272,842
Licenses, permits and fees	1,850,190	1,731,085	2,893,495	3,371,675	4,748,379
Intergovernmental	42,518,172	44,696,470	40,619,842	47,658,189	39,629,141
Charges for services	3,049,056	3,113,930	2,915,983	3,341,206	3,371,363
Investment income	57,819	146,992	181,966	426,895	1,179,351
Proceeds from sale of land	-	-	-	-	1,062,000
Other revenues	<u>840,319</u>	<u>310,744</u>	<u>497,043</u>	<u>421,296</u>	<u>1,096,647</u>
Total revenues	188,285,326	183,436,468	173,070,065	181,482,068	176,359,723
Expenditures					
Education	87,773,548	78,356,902	83,759,620	83,496,925	80,448,243
General government	8,784,999	8,415,453	8,486,693	8,860,822	8,616,312
Public safety	22,832,084	22,998	21,353,567	21,244,235	20,427,428
Public works	12,612,013	12,132,659	10,972,530	11,825,883	11,302,994
Health and welfare	1,674,518	1,397,367	1,373,735	1,454,075	1,421,511
Culture and recreation	2,646,040	2,645,461	3,633,624	3,637,547	3,573,695
Employee benefits	37,534,036	47,640,667	38,579,075	37,439,217	37,096,091
Capital outlay	-	-	179,222	1,022,724	195,628
Debt service	<u>15,339,245</u>	<u>4,333,809</u>	<u>13,514,084</u>	<u>13,100,902</u>	<u>13,491,417</u>
Total expenditures	189,196,483	184,639,339	181,852,150	182,082,330	176,573,319
Excess (deficiency) of revenues over (under) expenditures	(911,157)	(1,202,871)	(8,782,085)	(600,262)	(213,596)
Other financing sources (uses)					
Proceeds from capital leases ...	-	-	179,222	1,022,724	195,628
Refunding bond proceeds	13,150,000	-	12,680,000	-	-
Bond premium	1,376,614	741,219	656,765	-	-
Payments to escrow agent	(13,565,557)	-	(13,081,300)	-	-
Operating transfers in	587,527	205,912	297,304	514,119	677,747
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,000)</u>	<u>-</u>
Total other financing sources (uses)	1,548,584	947,131	731,991	1,480,843	873,375
Extraordinary item					
State teachers on-behalf payments	-	-	-	-	(22,290,000)
State teachers on-behalf revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,290,000</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other financing sources (uses)	637,427	(255,740)	(8,050,094)	880,581	659,779
Fund balance, beginning	<u>557,564</u>	<u>813,304¹</u>	<u>8,624,769</u>	<u>7,744,188</u>	<u>7,084,409</u>
Fund balance, ending.....	\$1,194,991	\$ 557,564	\$ 574,675	\$8,624,769	\$7,744,188

¹Reclassified.

The Town ended fiscal 2009-10 with a General Fund operating deficit of approximately \$8 million driven by roughly \$8.5 million of revenue shortfalls including tax collections (\$763,000), intergovernmental grants (\$3.45 million), licenses and building permits (\$1.7 million) and charges for services (\$1.2 million). The general state of the economy played a large part of the negative variances for these revenues sources.

The fiscal 2010-11 budget addressed these revenue shortfalls by using more conservative revenue assumptions, cutting expenditures and increasing the tax rate by about 6% from 29.41 to 31.16 mills. The Town reorganized departments, privatized two operations that were causing a significant drain each year, implemented a reduction in force, and refinanced existing debt service.

Although initial results for June 30, 2011 showed a surplus of \$1.2 million, information received after the close of the year regarding higher than projected special education costs negated that surplus. To prevent a recurrence of this circumstance, the Town and Board of Education jointly approved a resolution for the handling of Special Education revenue and expenditures. Final results for June 30, 2011 showed an operating deficit of \$256,000 in the General Fund.

In fiscal year 2011-12, the Town increased taxes by 11.5% and continued its 100% medical self-insurance operating budget funding, again conducting departmental reorganization and negotiating a concession package with all but one Town bargaining unit that resulted in operating savings of approximately \$1.5 million. For June 30, 2012 the Town showed an operating surplus of \$637,427 which increased the General Fund Balance from \$557,564 to \$1,194,991.

The fiscal year 2012-13 budget is structurally balanced and does not incorporate any use of fund balance. The fiscal 2013 budget increased taxes by 6.8% or \$10.7 million. About \$6.3 million was budgeted to increase the contribution to the pension, \$2 million for increase in medical costs, \$1 million for additional education costs and \$1.2 million for additional debt service.

As of April 2013 the Town is projecting an operating surplus of approximately \$561,000 for June 30, 2013 with a positive variance of approximately \$1,287,000 on the expense side. The proposed fiscal 2013-14 budget totals approximately \$200 million and does not include the use of fund balance.

The Town is budgeting more conservatively and any one time revenues (which are not currently budgeted for) such as a possible debt refinancing, FEMA grants for prior storms, special education state assistance and any additional costs savings will be used to bolster the General Fund balance.

Intergovernmental Revenues as a Percent of General Fund Revenues

Fiscal Year Ended June 30	Intergovernmental Revenues	General Fund Revenues	Percent
2012	\$42,518,172	\$188,285,326	22.6%
2011	44,696,470	183,436,468	24.4
2010	40,619,842	173,070,065	23.5
2009	47,658,189	181,482,068	26.3
2008	39,629,141 ¹	176,359,723	22.5
2007	34,857,364	162,935,577	21.4
2006	32,379,764	156,056,997	20.7

¹ Excludes on-behalf teacher pension payments from State of Connecticut.

Capital Improvement Program

	2012-13	2013-14	2014-15	2015-16	2016-17
General government	\$11,432,500	\$3,492,000	\$2,175,000	\$1,230,000	\$1,075,000
Public safety	547,000	360,000	480,000	767,500	44,500
Public works	4,207,000	3,622,000	3,535,000	3,120,000	3,305,000
Culture and recreation	55,000	20,000	156,590	5,130,000	15,000
Education	<u>1,150,000</u>	<u>3,200,000</u>	<u>500,000</u>	<u>750,000</u>	<u>750,000</u>
Total uses	<u>\$17,391,500</u>	<u>\$10,694,000</u>	<u>\$6,846,590</u>	<u>\$10,997,500</u>	<u>\$5,189,500</u>

The Town expects to fund its Capital Improvement Program from a combination of bonds, grants and leases.

Budget Procedure

The Town adheres to the following procedure in establishing the budgetary data included in the General Fund and certain Special Revenue Funds financial statements. Financial controls are provided by the Legislative Council which is responsible for approving annual budgets, approving all other Town appropriations and determining the tax rate. The annual budget-making process for the Town is outlined in Chapter 6 of the Town Charter. The timetable is established annually but all actions must be completed at least 45 days prior to the beginning of each fiscal year based upon a budget submitted by the Mayor. The process is detailed below:

<u>On or About</u>	<u>Action</u>
By February 23	Departments, office, boards, and commissions submit estimates of receipts and expenditures to the Mayor and Director of Finance.
By March 17	The Mayor submits the budget to the Legislative Council not later than 105 days before the end of the fiscal year.
By May 1	The Legislative Council holds one or more public hearings to obtain taxpayer comments no later than 60 before the beginning of the fiscal year.
By May 15	The Legislative Council adopts the budget not later than 45 days before the beginning of the fiscal year.
July 1	The new fiscal year begins.

All unencumbered appropriations lapse at year-end, except those for the Capital Projects Fund and certain special revenue grants. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Audit

The Town of Hamden, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of an independent CPA firm to audit its financial records annually. The audit is conducted in compliance with Public Act 77-611 and contains the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations.

Assessment Practices

The Town of Hamden completed its last revaluation on the Grand List of October 1, 2010. A physical revaluation is required every ten years with five-year revaluation updates in between physical revaluations. The next revaluation, which will be a statistical revaluation, is scheduled for October 1, 2015.

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion onto the grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed values for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town on October 1. Assessments for real estate are computed at 70% of the estimated market value at the time of the last general revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year a Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current grand list are warranted.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. Upon issuance of a certification of completion, a physical inspection is conducted and a new fair market value is determined with the aid of schedules developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties and estimate changes to existing income streams.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles, and leased equipment) is revalued annually. Random audits are conducted periodically.

Motor vehicle registration lists are furnished to the Town by the State Department of Motor Vehicles. The Office of Policy and Management has determined that the average retail values represented by the National Automobile Dealers Association pricing guides must be utilized in preparation of the grand lists. These values

are applied uniformly and equitably to all vehicles in the Town; a myriad of exemptions are then applied to qualifying applicants. The same process is applied to the Supplemental Motor Vehicle list, which represents new or replacement vehicles which were registered after the October 1 assessment date, but before the following July. Bills for this supplemental list are issued the following January, eighteen months after the grand list date.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent (8%) of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at six percent (6%) per annum, at such rate approved by the legislative body at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has not approved the use of this abatement provision to date.

Property Tax Levy and Collection

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real, personal property and motor vehicle taxes are billed in the following July and are payable in two installments on July 1 and January 1, except any tax under \$250 which is payable in full on July 1. Motor vehicle supplemental bills are payable on January 1. A significant estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with state law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are considered uncollectible fifteen years after the due date in accordance with Connecticut General Statutes, Section 12-164.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days of the close of the fiscal year) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue on the Town's financial statements.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes, which are deemed to be uncollectible.

Investment Practices

Under the Town Charter and under Connecticut General Statutes Sections 7-400, 7-401 and 7-402, and under an Investment Policy (the "Policy") implemented by the finance office, the Town may invest in certificates of deposit, repurchase agreements, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, mutual funds and money market mutual funds.

The Town's investment practices have been to invest only in certificates of deposit, repurchase agreements and the State of Connecticut Short Term Investment Fund. All investments are to be approved by the Director of Finance. The Director of Finance has followed these investment practices, and the Town's operating funds and capital funds are currently invested in the following short-term investments: (1) overnight repurchase agreements with specified banks collateralized by U.S. agency obligations such as the Federal Home Loan Mortgage Corporation which are valued daily; and (2) overnight U.S. Treasury obligations. Under the Policy, there are set investment limits for each bank named as a public depository, depending on each bank's financial

performance. Quarterly public depository financial statements are reviewed to determine that the risk-based capital ratio of any bank does not fall below 4%.

All Town pension funds are invested in mutual funds and securities as determined by the pension fund administrators. Board of Education pension funds are invested in a cost-sharing, multiple-employer public employees retirement system established by the State of Connecticut and administered by the State of Connecticut Retirement Commission to provide pension benefits for the employees of participating municipalities.

Risk Management

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

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

The Town currently is a member in Connecticut Interlocal Risk Management Agency ("CIRMA"), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of Connecticut General Statutes, for workers' compensation, auto liability, general liability, public officials liability, school leaders liability, policy professional liability, umbrella and property insurance. CIRMA currently has 233 members in the workers' compensation pool. The Town pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws. The Town is subject to a \$300,000 per claim deductible for workers' compensation claims for claims from July 1, 1999 to June 30, 2009. The Board of Education was also covered by CIRMA on a fully insured basis for this same period of time.

The Town and Board of Education also maintain coverage for claims in excess of the CIRMA liability limits through an policy issued by American International Group (AIG).

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

Beginning on July 1, 2010, the Town and Board of Education changed the carrier for the Excess Worker's Compensation coverage to Safety National Insurance Company.

The self-insurance programs for medical insurance are being administered by a third-party administrator ("the administrator") and are reported as an internal service fund. The third party administrator is Anthem Blue Cross and Blue Shield of Connecticut. Medical insurance premiums are based upon estimates by number of employees and type of coverage (single or family), trends in the insurance claims and estimates for administration. The claims liability reported is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The Town maintains stop loss coverage of \$250,000 for individual medical claims.

In fiscal year 2009-10 the Town's Medical Self-Insurance Fund was in a deficit situation of \$8.6 million dollars, effectively eliminating the Town's fund balance. Also contributing to the operating deficit for fiscal 2010 was the general state of the economy which caused a decrease in revenues including building permits, charges for service and interest income.

The fiscal year 2010-11 budget erased this Medical Self-Insurance deficit and funded the Medical Self Insurance operating budget account at 100% for the first time in several years. This increase represented a

\$14.2 (\$8.6 million deficit elimination and addition of \$5.6 million) increase in medical funding from Fiscal 2010. To accomplish this funding level, the Town reorganized departments, privatized two operations that were causing a significant drain each year, implemented a reduction in force, and refinanced and restructured existing debt service.

Pension Plans

The Town maintains the Town's retirement plan, a single-employer, defined benefit public employee retirement system. This defined benefit pension plan was established by the Town in 1949 and it covers substantially all full-time employees, except for the groups covered by the Connecticut State Teachers Retirement Plan. As of July 1, 2012, the date of the most recent valuation, approximately 1,243 active and retired persons were active in the plan.

Information in the tables below is derived from the Town's internal records, audited financial statements and information provided by the Town's actuarial consultants.

Payments into the Plan are made from Town and employee contributions. The table below shows Town contributions, employee contributions, investment income, administrative expenses paid, benefits paid and the actuarial value of the plan assets for the fiscal years ending June 30, 2005 through June 30, 2012.

<u>Year Ended June 30</u>	<u>Town Contributions</u>	<u>Employee Contributions</u>	<u>Net Investment Return</u>	<u>Administrative Expenses</u>	<u>Benefit Payments</u>	<u>Actuarial Value of Assets at End of Year</u>
2005	\$ 3,000,000	\$1,659,028	\$ 7,454,887	\$ 78,084	\$13,221,662	\$82,599,718
2006	6,000,000	1,682,639	7,127,032	100,000	14,536,404	82,772,985
2007	9,000,000	1,741,369	7,520,911	83,441	16,883,475	84,069,349
2008	12,000,000	1,845,471	5,387,042	110,134	17,359,201	85,832,527
2009	12,500,000	1,983,963	(3,223,225)	106,880	18,101,394	78,884,991
2010	12,500,000	1,968,410	6,884,458	100,740	18,784,600	81,352,519
2011	6,550,000	2,053,140	3,232,260	113,089	19,762,293	73,312,537
2012	3,040,000	2,138,782	1,040,920	103,868	20,586,244	58,842,127

Actuarial valuations are performed as of June 30th of each even-numbered year. The actuarial valuation uses recognized methods to calculate the actuarial value of assets and the actuarial accrued liability of the Plan. Set forth below are the actuarial accrued liabilities, the actuarial value of assets, the resulting unfunded accrued liabilities, the funded ratios on an actuarial and market basis, and the ratio of actuarial value of assets to market value of assets for the fiscal years ending June 30, 2007 through June 30, 2012.

	<u>Year Ending June 30</u>					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Actuarial accrued liability	N/A*	\$303,003,978	N/A*	\$323,748,595	N/A*	\$419,266,994
Actuarial value of assets	\$84,069,349	<u>85,832,527</u>	\$78,884,991	<u>81,352,519</u>	\$72,544,342	<u>58,842,127</u>
Unfunded accrued liability	N/A*	217,171,451	N/A*	242,395,076	N/A*	360,424,867
Actuarial recommended contribution	\$15,956,437	\$16,754,259	\$18,292,235	\$18,911,433	\$19,088,623	\$27,145,128
Market value of assets	\$88,661,566	\$81,058,324	\$65,737,492	\$71,239,987	\$71,796,698	\$57,919,838
Funded ratio (actuarial value)	N/A*	28.33%	N/A*	25.13%	N/A*	14.03
Funded ratio (market value) ...	N/A*	26.75%	N/A*	22.00%	N/A*	13.81
Ratio of actuarial value of assets to market value of assets	94.8%	105.9%	120.0%	114.2%	101.0%	101.6%

*Information not available in actuarial valuations.

The Town's contribution to the Plan compared to the Plan's Actuarially Required Contribution for the Plan's years beginning July 1, 2003 through July 1, 2013 are shown below.

<u>Plan Year Beginning</u>	<u>Town Contribution</u>	<u>Actuarially Required Contribution ("ARC")</u>	<u>Percent of ARC Contributed</u>
July 1, 2003	\$ 1,000,000	\$10,660,385	9.4%
July 1, 2004	3,000,000	13,287,374	22.6
July 1, 2005	6,000,000	13,951,743	43.0
July 1, 2006	9,000,000	15,956,437	56.4
July 1, 2007	12,000,000	16,754,259	71.6
July 1, 2008	12,500,000	18,292,735	68.3
July 1, 2009	12,500,000	18,911,433	66.1
July 1, 2010	6,550,000	19,088,623	34.3
July 1, 2011	3,040,000	19,850,851	15.3
July 1, 2012	9,340,000	27,145,128	34.4
July 1, 2013 (budgeted)	12,500,000	27,688,031	45.1

The Town's annual pension cost and net pension obligation were as follows for the year ended June 30, 2012:

Annual required contribution	\$ 19,850,851
Interest on net pension obligation	11,366,282
Adjustment to annual required contribution	<u>(8,960,732)</u>
Annual pension cost	22,256,401
Contributions made	<u>3,040,000</u>
Increase in net pension obligation	19,216,401
Net pension obligation, beginning of year	<u>142,078,524</u>
Net pension obligation, end of year	\$161,294,925

Effective July 1, 2007 all new hires except those in the State Teachers' Retirement System are enrolled in the Connecticut Municipal Employees Retirement System ("CMERS"). CMERS is a defined benefit plan administered by the State Retirement Commission. The State Treasurer's office is responsible for investing CMERS funds for the exclusive benefit of CMERS members. The Town currently has 28 guardian (police and fire) employees and 29 service employees enrolled in the plan. The plan is funded by employee and employer contributions at rates set by the State Retirement Commission to fund the remaining costs. The Town also contributes towards the administrative costs of the plan.

The Town's annual pension cost since 2009 for CMERS:

<u>Fiscal Year Ended 6/30</u>	<u>Town Contribution</u>
2009	\$165,698
2010	205,572
2011	499,995
2012	636,584
2013 (projected)	860,000

The certified teaching faculty and administrative personnel of the Town participate in the Connecticut State Teachers Retirement Plan, administered by the Connecticut State Teachers Retirement Board. This is a noncontributory multiple-employer PERS. The Town does not contribute to the plan nor does it have any legal obligation for benefit payments.

To formally address the underfunding of the Town's Pension Plan, Hamden engaged the services of the Segal Company last year to conduct a six-month planning process designed to develop a long-term, multi-tiered program to dramatically increase the Plan's funding ratio. Experts from Segal in the areas of actuarial pension analysis, the Town's Financial Advisor, Bond Counsel, Pension Investment Advisors and representatives from the Mayor's Office, Finance Department, Legislative Council, Union Representatives and Personnel Department were part of a working group that participated and contributed to developing

the plan. The Plan developed was presented to the Hamden Legislative Council and the public on January 31, 2013.

The plan for comprehensive pension reform and full funding of Hamden's Pension Plan contains recommendation for increased funding of the existing Plan in a fashion that yields long-term tax stability. It supplies options for a new Plan design for future employees that reduces overall retirement costs and effectively manages investment risk between the employer and the employee. It outlines the cost of COLA increases under the current Pension Ordinance and cost-savings that can be achieved through COLA reduction and it identifies and implements administrative/technical changes that will provide enhanced oversight and projections for the fund. The issuance of Pension Obligation Bonds ("POBs") of \$120 million to increase the corpus of the fund is included in the plan. Finally, a change to the fund valuation timeliness, development of a defined contribution program, and moving to a level-dollar pension fund contribution model are also part of the comprehensive pension reform package.

Now that the study and plan is complete, Hamden has formally started taking action to implement recommended changes designed to solve the pension underfunding issue. The Mayor has included the recommended \$12.5 million cash contribution as recommended in the Segal Plan for year one of the funding process in his budget for fiscal year 2014. An additional \$1 million is included for CMERS and for a 401K style program as recommended in the plan. This is the largest one-year increase in pension funding in the history of the Town. In addition, the Mayor will be formally recommending pension obligation bonds to the Hamden Legislative Council in May, 2013. Finally, to start addressing the extraordinary cost of the COLA, the Mayor implemented a provision of the Town of Hamden Retirement Ordinance that reduces the COLA payments to retirees from the annual 3% which had been given annually to 1.59% for the coming fiscal year. This percentage is derived from the Consumer Price Index and the Town will use this as a metric for future COLA increases, reducing this significant pressure on the plan.

For further description of the Town's pension plans, see Appendix A - "Auditor's Section, Notes to Financial Statements, Note 9" herein. Also additional pension information including the Town's July 1, 2012 actuarial pension valuation report and a detailed pension study completed by the Segal Group were filed on the Electronic Municipal Market Access ("EMMA") website.

Other Post-employment Benefits

The Town provides post-employment health care benefits in accordance with employee bargaining agreements to all employees who retire with at least 20 years of regular service or 10 years of service for disability retirement. As of July 1, 2012 the Town's plan consisted of 1,170 retirees and 804 active plan participants. The Town provides coverage through contract carriers for retirees over 65 and a self-insurance program for retirees under 65. The Town currently pays for these services on a pay-as-you-go basis. For fiscal years 2010-11 and 2011-12, the Town's pay-as-you-go cost was \$33,937,360 and \$33,055,026, respectively. The Town's pay-as-you-go cost for fiscal year 2012-13 is \$33,920,115.

The Town has complied with the requirements of Governmental Accounting Standards Board ("GASB") Statements 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their other post-employment benefit ("OPEB") plans and include information concerning the valuation of such plans in their financial statements.

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

Schedule of Employer Contributions

	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
6/30/13 (expected)	\$33,920,115	\$16,718,841	49.3	N/A
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
6/30/10	30,193,936	11,051,962	35.7	64,595,426
6/30/09	33,659,975	11,653,382	17.6	45,453,452
6/30/08	32,365,361	5,718,502	17.6	26,646,859

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability ("AAL")</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>
07/01/08 ..	\$-	\$366,234,442	\$366,234,442	-
07/01/09 ..	-	344,724,721	344,724,721	-
07/01/10 ..	-	-	-	-
07/01/11 ..	-	-	-	-
07/01/12...	-	439,980,586	439,980,586	-

No actuarial valuation was completed for 7/1/10 or 7/1/11. For budget year 2013-14 the Town has determined a retiree medical insurance contribution to be funded directly to a newly established OPEB Trust Fund with retiree medical claims being paid from the trust fund. The Town expects to complete the setup of the trust by June 2013 and has budgeted \$100,000 for initial funding.

SECTION VI - ADDITIONAL INFORMATION

Litigation

The Town of Hamden, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. With the exception of certain categories of lawsuits, including but not limited to, land use appeals, tax appeals and some labor related matters, the Town maintains liability insurance with and without deductibles that provide for defense costs and liability coverage for such lawsuits. Some matters are defended under a reservation of rights. It is the Town Attorney's opinion that such pending litigation will not be finally determined, individually or in the aggregate, so as to result in final judgment against the Town which would have a material adverse effect on the Town's financial position.

Pursuant to a consent order issued on July 10, 2001 by the State of Connecticut Department of Energy and Environmental Protection, the Town and other respondents are responsible for the remediation of certain properties located in the Newhall section of the Town which contain waste materials and other pollutants. The Town currently has \$7.5 million in its capital plan to pay for the costs associated with the remediation of the Rochford Park and Mill Rock Park properties and anticipates receiving reimbursement for a portion of such costs from the State of Connecticut.

There are numerous other claims, for which statutory notice has been provided to the Town, that have the potential to develop into lawsuits and expose the Town to liability. All these notice of claims are forwarded to the Town's insurance carriers to process as they see fit.

Availability of Continuing Information

The Town prepares, in accordance with state law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management on an annual basis. The Town provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of the annual financial reports, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement"). The Underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds to provide certain annual financial information and event notices pursuant to the Rule. Due to changes in personnel and omissions on the part of the Town, the Town has failed to file its audited financial statements and operating data in a timely manner in accordance with its continuing disclosure agreements. For the fiscal years ended June 30, 2007 and June 30, 2011, the audited financial statements and operating data of the Town were filed late with the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access website ("EMMA") on July 24, 2012 and May 3, 2012, respectively. The Town also failed to file notice of the failure to file its audited financial statements and operating data for the fiscal year ended June 30, 2011 on a timely basis with the MSRB. The failure to file such audited financial statements and operating data and notices has been remedied as of July 24, 2012 and July 27, 2012, respectively, and the Town has implemented procedures to ensure the timely filing of audited financial statements and operating data in the future.

Documents to Be Furnished at Delivery

Upon delivery, the Underwriter will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.

2. A certificate on behalf of the Town, signed by the Mayor and the Director of Finance, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the Bond Purchase Agreement was executed, the description and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut for the Bonds in substantially the form attached hereto as Appendix B.
5. An executed Continuing Disclosure Agreement for the Bonds substantially in the form attached hereto as Appendix C.
6. Any other documents required by the Bond Purchase Agreement.

The Town of Hamden has prepared this Official Statement for the Bonds which is dated May 2, 2013. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the Underwriter a reasonable number of copies of the Official Statement within seven business days of the signing of the Bond Purchase Agreement.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the principal office of the Paying Agent, U.S. Bank National Association, in Hartford, Connecticut, and may be examined upon reasonable request and notice.

Concluding Statement

This Official Statement is submitted only in connection with the sale of the Bonds by the Town of Hamden, Connecticut and may not be reproduced or used in whole or in part for any other purpose.

The following officials, in their capacity as officers of the Town, and in the name and on behalf of the Town, do hereby certify in connection with this issue that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the Town and its finances were true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

By /s/ Scott D. Jackson
 Scott D. Jackson
Mayor

By /s/ Salvatore DeCola
 Salvatore DeCola
Director of Finance

Dated as of May 2, 2013

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APPENDIX A - AUDITOR'S SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hamden, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Hamden, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Fund, which represents 98% of the assets and 93% of the revenues of the fiduciary funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Fund, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Pension Trust Fund were not audited in accordance with "Governmental Auditing Standards". An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hamden, Connecticut as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated January 30, 2013 on our consideration of the Town of Hamden, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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 standards 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hamden, Connecticut's basic financial statements. The supplemental combining and nonmajor fund statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplemental combining and nonmajor fund statements and schedules have 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 supplemental combining and nonmajor fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

McGladrey LLP

New Haven, Connecticut
January 30, 2013

Town of Hamden, Connecticut Management's Discussion and Analysis June 30, 2012

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, 2012. Please read it in conjunction with the Town's financial statements that follow this section.

Financial Highlights

- ◆ On a government-wide basis, the liabilities of the Town of Hamden exceeded its assets, resulting in a total net deficit on June 30, 2012, of (\$159,065,037). The increase in deficit from FY2011 concerns primarily liabilities associated with pension and other post-employment benefits.
- ◆ On a government-wide basis, during the year, the Town's net (deficit) increased by \$36,202,433 from (\$122,862,604) to (\$159,065,037).
- ◆ 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 \$13,488,092, an increase of \$11,287,415 from the prior fiscal year fund balance of \$2,200,677.
- ◆ At the end of the 2011/2012 fiscal year, the total fund balance for the General Fund alone was \$1,194,991, an increase of \$637,427 from the prior fiscal year. The total General Fund fund balance at year-end represents .6% of the total General Fund expenditures of \$189,196,483 for the fiscal year ending June 30, 2012.
- ◆ The Town of Hamden's total long-term bonded indebtedness increased by \$14,760,000 during the current fiscal year to \$143,055,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Hamden's basic financial statements. The basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Hamden's finances, in a manner similar to private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

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

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement

for some items that will only result in cash flow in some future fiscal period, for example uncollected taxes and earned but unused vacation leave.

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The Town of Hamden, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town of Hamden has three kinds of funds:

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

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

The Town of Hamden maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, 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 on page 53. This information is reported as required supplementary information.

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

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

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town's constituency. The Town

has one pension trust fund, three private purpose trust funds and three agency funds. The basic fiduciary fund financial statements can be found on pages 19-20.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21–51 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Hamden's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees and the General Fund budgetary comparison. This information can be found on pages 53-57 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. Town of Hamden governmental activities liabilities exceeded assets by \$159,065,037 on June 30, 2012. The growth in the deficit from FY2011 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, 2012	June 30, 2011
Current and other assets	\$ 38,530,600	\$ 44,272,497
Capital assets	250,386,409	246,963,092
Total assets	288,917,009	291,235,589
Other liabilities	23,052,100	40,619,725
Long-term liabilities	424,929,946	373,478,468
Total liabilities	447,982,046	414,098,193
Net assets (deficit):		
Investment in capital assets - net of related debt	122,583,892	121,117,196
Restricted	1,417,170	1,753,144
Unrestricted (deficit)	(283,066,099)	(245,732,944)
Total net assets (deficit)	\$ (159,065,037)	\$ (122,862,604)

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. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Hamden's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Hamden, Connecticut
Summary Statement of Activities

	Year Ended June 30, 2012	Year Ended June 30, 2011
Revenues:		
Program revenues:		
Charges for services	\$ 7,456,859	\$ 7,432,205
Operating grants and contributions	40,799,215	46,814,420
Capital grants and contributions	3,485,822	2,925,708
General revenues:		
Property taxes	141,101,541	133,347,771
Grants not restricted to specific purposes	5,044,633	4,280,439
Unrestricted investment earnings	57,819	146,992
Miscellaneous	843,090	547,951
Bond premiums	-	741,219
Total revenues	198,788,979	196,236,705
Expenses:		
General government	15,913,822	19,522,044
Education	143,825,365	142,380,758
Public safety	35,190,149	34,880,145
Public works	24,794,603	23,285,677
Health and welfare	2,210,476	1,918,176
Culture and recreation	3,851,179	5,468,072
Community development	3,623,877	2,274,246
Interest on long-term debt	5,581,941	4,142,841
Total expenses	234,991,412	233,871,959
Changes in net assets (deficit)	(36,202,433)	(37,635,254)
Net assets (deficit), beginning	(122,862,604)	(85,227,350)
Net assets (deficit), ending	\$ (159,065,037)	\$ (122,862,604)

Hamden's net deficit increased by \$36,202,433 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 \$7,753,770 due to a revaluation and mill rate increase.

For governmental activities, approximately 61% of the Town's expenses relate to education, 6% relate to general government, 11% relate to public work operations, 15% to public safety and the remaining 7% 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 \$36,424,184 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 \$1,194,991.

As stated earlier, the fund balances of the Town of Hamden's general fund increased by \$637,427 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 \$6,612,257. The increase in fund balance of \$11,684,496 was primarily due to bonding.

The Capital Project Fund had an increase in fund balance of \$509,459, principally due to bonding over capital outlay expenditures.

Proprietary Funds. The deficit of the Internal Service Funds at the end of the year was \$6,863,904, a decrease in deficit of \$1,577,112 over the prior year due to lower claims expense.

General Fund Budgetary Highlights

There was no difference between the original budget and the final amended budget.

During the year, actual revenues and other financing sources were \$180,702,118, which were lower than budgetary estimates by \$168,483.

Actual expenditures and transfers out on a budgetary basis totaled \$179,241,187, or \$1,629,414 less than budgeted.

Major contributors were:

- ◆ Revenues from 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, 2012, amounts to \$398 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.

Town of Hamden, Connecticut		
Capital Assets Net of Depreciation		
	June 30, 2012	June 30, 2011
Governmental funds capital assets:		
Land	\$ 18,281,108	\$ 18,281,108
Land improvements	16,914,375	16,222,618
Buildings and improvements	149,297,210	152,691,304
Machinery and equipment	3,728,839	3,609,803
Infrastructure	25,530,865	29,988,878
Construction in progress	36,634,012	26,169,381
Total	\$ 250,386,409	\$ 246,963,092

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

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

Long-term debt. At the end of the current fiscal year, the Town of Hamden had total bonds payable outstanding of \$143,055,000; 100% of this debt is backed by the full faith and credit of the Town government.

	June 30, 2012	June 30, 2011
Bonds payable	\$ 143,055,000	\$ 128,295,000
Bond anticipation notes	1,070,000	17,725,000
Total	\$ 144,125,000	\$ 146,020,000

During the year, the Town recognized \$25 million in bond proceeds from previous bond anticipation notes. Upon issuance of the municipal bond insurance policy at the time of delivery of the bonds by Assured Guaranty Municipal Corp., the bonds are expected to be rated "A2" 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 2012/2013 Budgeting Information

The Town has not been immune from the effects of the national economic downturn. As of June 2012, the unemployment rate for the Hamden labor market area was 9.7%, compared with 9.3% for the prior June. Connecticut's overall unemployment rate stood at 8.4% in June 2012, compared with 9.1% the previous June.

FY 2011/2012

- The Town's mill rate was 34.77, an increase from 31.16 in FY 2010/2011. In part, the increased mill rate is a function of a revaluation, but revenues from property taxes exceed those in FY 2010/2011 by \$6.5 million.
- Features of the operating budget include reorganized departments, reduced workforce, and savings achieved in regional services (transportation for the elderly).
- The Internal Service Funds reduced their fund deficit as a result of lower claims expense.

FY 2012/2013

- Anticipated state aid to the Town is estimated at approximately \$5 million, significantly less than in FY 2011/2012.

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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TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF NET ASSETS (DEFICIT)

June 30, 2012

	Primary Government <u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 24,712,868
Receivables, net of allowance for collection losses:	
Property taxes	4,534,255
Intergovernmental and other	1,308,182
Inventories and prepaids	21,207
Noncurrent assets:	
Long-term intergovernmental receivable, net	7,954,088
Capital assets not being depreciated	54,915,120
Capital assets being depreciated, net of accumulated depreciation	195,471,289
Total assets	<u>288,917,009</u>
Liabilities	
Accounts payable and accruals	18,701,464
Accrued interest payable	1,598,747
Due to fiduciary funds	210,304
Unearned revenue	1,471,585
Bond anticipation notes payable	1,070,000
Long-term liabilities:	
Due in less than one year	15,020,283
Due in more than one year	409,909,663
Total liabilities	<u>447,982,046</u>
Net Assets (Deficit)	
Investment in capital assets, net of related debt	122,583,892
Restricted	1,417,170
Unrestricted (deficit)	(283,066,099)
Total net assets (deficit)	<u>\$ (159,065,037)</u>

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

TOWN OF HAMDEN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Memorial Town Hall Fund	Capital Project Fund		
Assets					
Cash and cash equivalents	\$ 21,263,770	\$ -	\$ 241,810	\$ 1,693,388	\$ 23,198,968
Receivables (net of allowances for collection losses:					
Property taxes	4,534,255	-	-	-	4,534,255
Intergovernmental and other receivables	8,451,679	-	-	617,533	9,069,212
Inventories and prepaids	-	-	-	21,207	21,207
Due from other funds	3,284,981	7,233,419	7,240,092	2,399,583	20,158,075
Total assets	\$ 37,534,685	\$ 7,233,419	\$ 7,481,902	\$ 4,731,711	\$ 56,981,717
Liabilities					
Accounts payable and accruals	\$ 7,492,382	\$ 511,162	\$ 883,868	\$ 1,237,891	\$ 10,125,303
Unearned revenues	1,404,069	-	-	67,516	1,471,585
Deferred revenues	10,453,059	-	-	-	10,453,059
Due to other funds	16,990,184	-	1,471,054	1,912,440	20,373,678
Bond anticipation notes payable	-	110,000	450,000	510,000	1,070,000
Total liabilities	36,339,694	621,162	2,804,922	3,727,847	43,493,625
Fund Balances					
Nonspendable	-	-	-	21,207	21,207
Restricted	-	-	-	1,417,170	1,417,170
Committed	-	6,612,257	4,676,980	748,205	12,037,442
Unassigned	1,194,991	-	-	(1,182,718)	12,273
Total fund balances	1,194,991	6,612,257	4,676,980	1,003,864	13,488,092
Total liabilities and fund balances	\$ 37,534,685	\$ 7,233,419	\$ 7,481,902	\$ 4,731,711	

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

Capital assets, net of accumulated depreciation of \$147,483,320, purchased by governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the town as a whole.	250,386,409
Deferred revenues are not available to pay for current-period expenditures and, therefore, are not recognized in the funds.	10,453,059
Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(6,863,904)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(424,929,946)
Accrued interest payable not recorded in funds	(1,598,747)

Net assets (deficit) of governmental activities \$ (159,065,037)

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2012

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Memorial Town Hall Fund	Capital Project Fund		
REVENUES					
Property taxes	\$ 139,969,770	\$ -	\$ -	\$ -	\$ 139,969,770
Intergovernmental	33,848,172	275,000	-	8,915,526	43,038,698
State on-behalf payments	8,670,000	-	-	-	8,670,000
Permits, fees and other	1,850,190	-	-	-	1,850,190
Income from investments	57,819	-	-	-	57,819
Charges for services	3,049,056	-	-	2,557,613	5,606,669
Miscellaneous	840,319	-	-	2,771	843,090
Total revenues	188,285,326	275,000	-	11,475,910	200,036,236
EXPENDITURES					
Current:					
Education	79,103,548	-	-	8,249,235	87,352,783
State on-behalf payments	8,670,000	-	-	-	8,670,000
General government	8,784,999	-	-	-	8,784,999
Public safety	22,832,084	-	-	165,340	22,997,424
Public works	12,612,013	-	-	328,888	12,940,901
Health & welfare	1,674,518	-	-	448,311	2,122,829
Culture and recreation	2,646,040	-	-	10,693	2,656,733
Employee benefits	37,534,036	-	-	-	37,534,036
Community development	-	-	-	1,491,752	1,491,752
Debt service:					
Principal retirement	10,005,000	-	-	-	10,005,000
Interest and other charges	5,135,304	-	-	-	5,135,304
Bond issuance costs	198,941	-	-	-	198,941
Capital outlay	-	5,556,504	6,192,014	2,775,658	14,524,176
Total expenditures	189,196,483	5,556,504	6,192,014	13,469,877	214,414,878
Revenues over (under) expenditures	(911,157)	(5,281,504)	(6,192,014)	(1,993,967)	(14,378,642)
OTHER FINANCING SOURCES (USES)					
Transfers in	587,527	-	-	-	587,527
Transfers out	-	-	(587,527)	-	(587,527)
Bond proceeds	-	16,966,000	7,289,000	450,000	24,705,000
Bond premium	1,376,614	-	-	-	1,376,614
Payment to escrow agent	(13,565,557)	-	-	-	(13,565,557)
Refunding bond proceeds	13,150,000	-	-	-	13,150,000
Total other financing sources (uses)	1,548,584	16,966,000	6,701,473	450,000	25,666,057
Change in fund balances (deficits)	637,427	11,684,496	509,459	(1,543,967)	11,287,415
FUND BALANCES (DEFICITS), beginning	557,564	(5,072,239)	4,167,521	2,547,831	2,200,677
FUND BALANCES, ending	\$ 1,194,991	\$ 6,612,257	\$ 4,676,980	\$ 1,003,864	\$ 13,488,092

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

TOWN OF HAMDEN, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012**

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

Net change in fund balances – total governmental funds	\$ 11,287,415
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,423,317
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,247,257)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(15,881,206)
Changes in expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds until they are paid.	(35,361,814)
Internal Service Funds, the net revenue (expense) of internal service funds is reported with governmental activities.	<u>1,577,112</u>
Change in net assets (deficit) of governmental activities	<u>\$ (36,202,433)</u>

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF NET ASSETS (DEFICIT) - PROPRIETARY FUNDS

June 30, 2012

	Governmental Activities
	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,513,900
Other receivables	193,058
Due from other funds	5,299
Total assets	<u>1,712,257</u>
LIABILITIES AND NET ASSETS (DEFICIT)	
Current liabilities:	
Accounts payable and accrued liabilities	651,487
Claims incurred but not reported	3,452,980
Total current liabilities	<u>4,104,467</u>
Noncurrent liabilities:	
Claims payable	4,471,694
Total liabilities	<u>8,576,161</u>
NET ASSETS (DEFICIT)	
Net assets (deficit)	(6,863,904)
Total net assets (deficit)	<u>\$ (6,863,904)</u>

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICIT) -
PROPRIETARY FUNDS
For the Year Ended June 30, 2012

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 35,813,410
Total operating revenues	<u>35,813,410</u>
OPERATING EXPENSES	
Claims expense	34,236,298
Total operating expenses	<u>34,236,298</u>
Change in net assets (deficit)	1,577,112
FUND NET ASSETS (DEFICIT), beginning	<u>(8,441,016)</u>
FUND NET ASSETS (DEFICIT), ending	<u>\$ (6,863,904)</u>

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2012

	Governmental Activities Internal Service Funds
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 35,791,352
Cash payments for claims and fees	(34,871,450)
Net cash provided by operating activities	<u>919,902</u>
Net increase in cash and cash equivalents	919,902
Cash and Cash Equivalents	
Beginning	<u>593,998</u>
Ending	<u>\$ 1,513,900</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 1,577,112
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in other receivables	(22,058)
Decrease in accounts payable and accrued liabilities	(180,359)
Decrease in claims incurred but not reported	(251,088)
Decrease in due to other funds	(203,705)
Net cash provided by operating activities	<u>\$ 919,902</u>

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2012

	Pension Trust Fund	Agency Funds	Private Purpose Trust Funds
ASSETS			
Cash and cash equivalents	\$ 1,857,260	\$ 592,832	\$ 230,127
Investments, at fair value	54,700,985	-	-
Other receivables	82,530	-	-
Prepaid expenses	1,373,202	-	-
Due from other funds	-	77,450	133,979
Total assets	58,013,977	670,282	364,106
LIABILITIES			
Due to others	-	670,282	-
Accounts payable and accruals	94,139	-	19,381
Due to other funds	-	-	1,125
Total liabilities	94,139	670,282	20,506
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER	\$ 57,919,838	\$ -	\$ 343,600

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Year Ended June 30, 2012

	Pension Trust Fund	Private Purpose Trust Fund Funds
ADDITIONS		
Contributions:		
Town of Hamden	\$ 3,040,000	\$ -
Plan members	2,138,782	-
Total contributions	5,178,782	-
Investment Income		
Interest and dividends	1,873,993	183
Net depreciation in fair value of investments	(1,586,273)	-
Other income	-	415,087
	287,720	415,270
Less investment expenses:		
Investment management fees	(274,549)	-
Net investment income	13,171	415,270
Total additions	5,191,953	415,270
DEDUCTIONS		
Benefits and other deductions	20,586,244	412,953
Administrative	103,868	-
	20,690,112	412,953
Change in net assets	(15,498,159)	2,317
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER		
Beginning of year	73,417,997	341,283
End of year	\$ 57,919,838	\$ 343,600

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1. Significant Accounting Policies

Reporting entity

The Town of Hamden, Connecticut (the "Town") was founded in 1664 and incorporated in 1786. The Town covers an area of 33 square miles, and is located approximately 70 miles northeast of New York City and 30 miles southwest of Hartford, Connecticut. The Town is a municipal corporation governed under a Council/Mayor form of government.

The Town provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning and general administrative services to its residents.

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

Government-wide and fund financial statements

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

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

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

Measurement focus, basis of accounting, and financial statement presentation

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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

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

The Town reports the following major governmental funds:

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

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

The *Capital Project Fund* accounts for various capital projects of the Town.

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:

Fiduciary Funds:

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

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

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

Proprietary Funds:

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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

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

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

Pension plan accounting

Pension Trust Fund:

The Pension Trust Fund is reported on the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Administrative costs are financed through investment earnings.

Governmental Funds:

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

Funding Policy:

The Town makes contributions at the discretion of management.

Net other post-employment benefit obligations

In fiscal year 2008, the Town implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions." This pronouncement required the Town to calculate and record a net other post-employment benefit obligation (NOPEBO) at June 30, 2008. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2007. The Town makes annual contributions based upon budgetary decisions using the actuarial valuation. The NOPEBO is recorded as a non-current liability in the government-wide financial statements.

Accounting estimates

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Property taxes

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

Encumbrances

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

Cash equivalents

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

Investments

Investments for the Town are reported at fair value based on quoted market prices. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

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

Allowance for doubtful accounts

Accounts receivable, property tax receivables and notes receivable for the primary government are reported net of allowance for doubtful accounts of approximately \$164,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon past collection history and analysis of creditor's ability to pay.

Capital assets

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

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

Assets	Years
Land and improvements	20 years
Building and Building Improvements	20-50 years
Infrastructure	10-65 years
Machinery and Equipment	5-20 years
Licensed Vehicles	8 years
Water and Sewer System	30-50 years

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

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column of the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Debt principal payments are reported as reductions to long-term debt.

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

Risks and uncertainties

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Net assets

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

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

Restricted Net Assets - These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

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

Fund Balance

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets (deficit) – governmental activities as reported in the government-wide statement of net assets (deficit). One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds payable	\$ 143,055,000
Deferred charges	1,028,279
Capital leases payable	158,863
Compensated absences	8,553,094
Landfill closure	152,162
Net pension obligation	161,294,925
Heart and hypertension	5,777,125
Net OPEB obligations	100,410,498
Environmental contingency	<u>4,500,000</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 424,929,946</u>

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

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

Capital outlay	\$ 14,497,946
Depreciation expense	<u>(11,074,629)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,423,317</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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

Long-Term Liabilities issued or incurred:	
Amortization of deferred charges	\$ 109,619
Deferred charges	(1,466,828)
Issuance of bond anticipation notes	(24,705,000)
Refunding of general obligation bonds	(13,150,000)
Principal repayments and defeasance:	
General obligation debt	23,095,000
Capital lease payments	<u>236,003</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (15,881,206)</u>

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

Compensated absences	\$ 594,359
Net change in accrued interest	208,458
Pension obligation	(19,216,401)
Landfill costs	43,838
Heart and hypertension	215,715
Other post-employment obligation	<u>(17,207,783)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (35,361,814)</u>

Note 3. Cash, Cash Equivalents and Investments

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

Investments: The Town and the Pension Trust Fund do not have a custodial credit risk policy for investments. They also do not have a credit risk policy, however, it is their practice to use State statutes. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

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

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2012, approximately \$29,836,000 of the Town's bank balance of approximately \$31,094,000 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Cash and investments of the Town consist of the following at June 30, 2012:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 27,317,581
State of Connecticut Short-Term Investment Fund	75,506
Total cash and cash equivalents	<u>27,393,087</u>
Investments	
Pension Trust Funds:	
U.S. Government Agency Securities	3,887,259 *
U.S. Government Securities	5,117,932 *
Corporate and Other Bonds	7,525,849 *
Common Stock	36,417,280 *
Mutual Funds	1,752,665
Total investments	<u>54,700,985</u>
Total cash and investments	<u>\$ 82,094,072</u>

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

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

Statement of Net Assets	
Cash and cash equivalents	\$ <u>24,712,868</u>
Fiduciary Funds:	
Cash and cash equivalents	2,680,219
Investments	54,700,985
	<u>57,381,204</u>
Total cash, cash equivalents and investments	<u>\$ 82,094,072</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

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

Summary of Investments	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Pooled fixed income	\$ 75,506	\$ 75,506	\$ -	\$ -	\$ -
U.S. Government Agency Securities	3,887,259	-	-	-	3,887,259
U.S. Government Securities	5,117,932	-	5,117,932	-	-
Corporate and Other Bonds	7,525,849	165,064	1,270,867	2,115,625	3,974,293
TOTAL	\$ 16,606,546	\$ 240,570	\$ 6,388,799	\$ 2,115,625	\$ 7,861,552

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

Average Rating	Corporate and Other Bonds	U.S. Government Agency Securities	Pooled Fixed Income
AAA	\$ 423,364	\$ 3,887,259	\$ 75,506
AA+	90,728	-	-
AA-	250,594	-	-
A+	197,817	-	-
A	831,827	-	-
A-	1,378,438	-	-
BBB+	642,945	-	-
BBB	1,605,755	-	-
BBB-	500,443	-	-
BB+	89,589	-	-
B-	1,692	-	-
Below B-	127,154	-	-
Unrated	1,385,503	-	-
	\$ 7,525,849	\$ 3,887,259	\$ 75,506

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

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

As of June 30, 2012, the Plan's foreign currency risk associated with its investment was as follows:

Country/Currency		Common Stock
Argentina	Peso	\$ 70,014
Australia	Dollar	188,018
Brazil	Real	419,616
China	Yuan	161,697
France	Euro	877,510
Germany	Euro	871,760
India	Rupee	210,010
Israel	Sheqel	223,152
Italy	Euro	262,071
Japan	Yen	1,055,709
Mexico	Peso	503,761
Netherlands	Euro	927,948
Norway	Kroner	170,265
South Korea	Won	124,038
Switzerland	Franc	529,783
United Kingdom	Pound Sterling	1,475,518
Totals		\$ 8,070,870

Note 4. Interfund Receivables, Payables and Transfers

As of June 30, 2012, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 3,284,981	\$ 16,990,184
Memorial Town Hall Fund	7,233,419	-
Capital Project Fund	7,240,092	1,471,054
Non-Major Governmental Funds	2,399,583	1,912,440
Internal Service Funds	5,299	-
Fiduciary Funds	211,429	1,125
Totals	\$ 20,374,803	\$ 20,374,803

The outstanding balances between funds result mainly from the time lag between the dates that (1) bond proceeds are recognized, (2) interfund goods and services are provided or reimbursable expenditures

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

occur, (3) transactions are recorded in the accounting system, and (4) payments between funds are made.

Interfund transfers during the year ended June 30, 2012 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 587,527	\$ -
Capital Project Fund	-	587,527
Totals	\$ 587,527	\$ 587,527

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

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 18,281,108	\$ -	\$ -	\$ 18,281,108
Construction in progress	26,169,381	10,464,631	-	36,634,012
Total capital assets, not being depreciated	44,450,489	10,464,631	-	54,915,120
Capital assets, being depreciated:				
Land improvements	21,841,134	1,862,534	-	23,703,668
Buildings and improvements	202,790,806	666,591	-	203,457,397
Machinery and equipment	25,260,877	1,504,190	-	26,765,067
Infrastructure	89,028,477	-	-	89,028,477
Total capital assets being depreciated	338,921,294	4,033,315	-	342,954,609
Less accumulated depreciation for:				
Land improvements	5,618,516	1,170,777	-	6,789,293
Buildings and improvements	50,099,502	4,060,685	-	54,160,187
Machinery and equipment	21,651,074	1,385,154	-	23,036,228
Infrastructure	59,039,599	4,458,013	-	63,497,612
Total accumulated depreciation	136,408,691	11,074,629	-	147,483,320
Total capital assets, being depreciated, net	202,512,603	(7,041,314)	-	195,471,289
Governmental activities capital assets, net	\$ 246,963,092	\$ 3,423,317	\$ -	\$ 250,386,409

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

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

General government	\$ 616,574
Education	2,635,399
Public Safety	522,148
Public Works	7,084,476
Health and Welfare	87,647
Culture and Recreation	128,385
Total depreciation expense	<u>\$ 11,074,629</u>

Note 6. Unearned Revenue/Deferred Revenue

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

	Deferred Revenues	Unearned Revenues
	<u> </u>	<u> </u>
General Fund:		
Taxes and accrued interest receivables on delinquent property taxes	\$ 3,695,770	\$ -
School construction and other receivables	6,757,289	-
Tax overpayments	-	1,404,069
	<u>10,453,059</u>	<u>1,404,069</u>
Other Nonmajor Governmental Funds:		
Grant advances	-	67,516
	<u> </u>	<u> </u>
Total deferred/unearned revenue	<u>\$ 10,453,059</u>	<u>\$ 1,471,585</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Note 7. Bond Anticipation Notes Payable and Subsequent Event

The Town has \$25,775,000 of bond anticipation notes outstanding as of June 30, 2012. The bond anticipation notes were due on August 23, 2012 and bear interest at 3%.

Bond anticipation note transactions for the year ended June 30, 2012 were as follows:

Outstanding, July 1, 2011	\$ 51,725,000
Borrowings	25,775,000
Repayments	(51,725,000)
Outstanding, June 30, 2012	<u>\$ 25,775,000</u>

Reported as:

Bond anticipation notes	\$ 1,070,000
Long-term debt	\$ 24,705,000

The following projects are those with Bond Anticipation Notes outstanding as of June 30, 2012. They will be financed in the future with long-term debt:

Police headquarters/Memorial Town Hall	\$ 17,076,000
Bear Path School	510,000
FY 2010/2011 capital improvements	1,150,000
FY 2011/2012 capital improvements	7,039,000
	<u>\$ 25,775,000</u>

Subsequent event

In August 2012, \$480,000 of these (BANS) were refinanced through the issuance of \$480,000 of general obligation bond anticipation notes which will be due August 15, 2013. In August 2012, the Town issued \$24,705,000 in general obligation bonds. The bonds bear interest of 2% - 5% and mature serially from August 15, 2013 through August 15, 2032. Of the \$25,775,000 in bond anticipation notes outstanding, \$24,705,000 was financed with the August 2012 issue and is considered long-term debt in the government-wide financial statements and other financing sources in the Governmental Fund financial statements.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Note 8. Long-Term Obligations

A summary of changes in outstanding long-term debt during the year ended June 30, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 128,295,000	\$ 13,150,000	\$ 23,095,000	\$ 118,350,000	\$ 10,550,000
Deferred charges	(328,930)	1,466,828	(109,619)	1,028,279	100,000
Bond anticipation notes (Note 7)	-	24,705,000	-	24,705,000	-
Total bonds payable	127,966,070	39,321,828	22,985,381	144,083,279	10,650,000
Capital leases	394,866	-	236,003	158,863	126,445
Landfill post-closure care (Note 11)	196,000	-	43,838	152,162	43,838
Compensated absences	9,147,453	2,756,940	3,351,299	8,553,094	3,300,000
Net pension obligation (Note 9)	142,078,524	22,256,401	3,040,000	161,294,925	-
Heart and hypertension	5,992,840	686,824	902,539	5,777,125	900,000
Environmental contingency (Note 11)	4,500,000	-	-	4,500,000	-
OPEB obligation (Note 9)	83,202,715	33,055,026	15,847,243	100,410,498	-
Governmental activity long-term liabilities	\$ 373,478,468	\$ 98,077,019	\$ 46,406,303	\$ 424,929,946	\$ 15,020,283

General obligation bonds

As of June 30, 2012, the outstanding general obligation bonded indebtedness of the Town was as follows:

	Outstanding Amount
School bonds with interest rates ranging from 2.10% to 6.0% and varying expiration dates ranging from March 2006 through August 2032.	\$ 47,455,755
General bonds with interest rates ranging from 2.70% to 6.0% and varying expiration dates ranging from March 2006 through August 2032.	70,894,245
Total general obligation bonds	\$ 118,350,000

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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

	Principal	Interest	Total
2013	\$ 10,550,000	\$ 4,959,406	\$ 15,509,406
2014	10,470,000	3,962,515	14,432,515
2015	10,920,000	3,555,628	14,475,628
2016	10,535,000	3,150,496	13,685,496
2017	9,715,000	2,783,393	12,498,393
2018	8,645,000	2,449,026	11,094,026
2019	7,355,000	2,149,567	9,504,567
2020	7,180,000	1,864,411	9,044,411
2021	6,325,000	1,585,560	7,910,560
2022	5,270,000	1,355,422	6,625,422
2023	5,275,000	1,157,519	6,432,519
2024	4,330,000	974,659	5,304,659
2025	4,330,000	806,567	5,136,567
2026	4,065,000	642,822	4,707,822
2027	2,835,000	504,422	3,339,422
2028	2,350,000	395,437	2,745,437
2029	2,350,000	297,063	2,647,063
2030	2,350,000	198,312	2,548,312
2031	1,750,000	111,562	1,861,562
2032	1,750,000	37,187	1,787,187
	<u>\$ 118,350,000</u>	<u>\$ 32,940,974</u>	<u>\$ 151,290,974</u>

2012 General Obligation Bond – In-substance Defeasance

In September 2011, the Town issued \$13,150,000 of general obligation bonds, with interest rates ranging from 3.0% to 4.0%, the proceeds of which were used to advance refund portions of the outstanding principal amounts of the general obligation bonds of the Town dated June 5, 2001 and July 15, 2005 (the "Refunding Bonds"). The net proceeds of \$13,565,557 (\$13,764,498, less payment of \$198,941 in underwriters fees and other costs), were placed in an irrevocable trust fund under an Escrow Agreement dated September 2011 between the Town and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the date the payments are due.

The Town advance refunded the above bonds which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$.5 million, and a gain of approximately \$.4 million between the old debt payments and the new debt payments.

The balance in the escrow was approximately \$13.6 million at June 30, 2012. The balance of the defeased bonds was approximately \$13.6 million at June 30, 2012. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Bonds authorized but unissued

Total authorized but unissued debt at June 30, 2012 is as follows:

General purpose	\$	4,312,675
Schools		1,600,541
	\$	<u>5,913,216</u>

Legal debt limit

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 314,824,338	\$ 99,209,920	\$ 215,614,418
Unfunded Pension Benefit Obligation	419,765,784	-	419,765,784
Schools	629,648,676	50,126,296	579,522,380
Sewers	524,707,230	702,000	524,005,230
Urban renewal	454,746,266	-	454,746,266

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$979,453,496.

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, 2012 was approximately \$2,039,000. Additional payments for principal and interest aggregating approximately \$7,400,000 are to be received through the bonds' maturity dates.

Conduit Debt

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

The Town has issued revenue bonds, the proceeds of which will be used for financing the design and construction of the Whitney Center Project. The bonds are secured by the property financed and are payable from the Whitney Center operations. Accordingly, the bonds were not reported in the general purpose financial statements. As of June 30, 2012, there is \$70,930,000 of revenue bonds outstanding.

Capital lease obligations

The Town has various capital leases in which they acquire capital assets. Interest rates on these leases range from 3.0% to 6.0%. The capital leases are for various computer equipment and vehicles. The

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

leases are payable in monthly installments through 2014. Original cost of capital assets under such lease agreements are approximately \$2,992,504 with accumulated depreciation of \$2,746,591.

Future minimum lease payments under the capital leases as of June 30, 2012 are as follows:

Year Ending June 30,	
2013	\$ 130,986
2014	<u>32,747</u>
Total minimum lease payments	163,733
Less amount representing interest	<u>(4,870)</u>
	<u>\$ 158,863</u>

Accrued liabilities, primarily compensated absences

In accordance with GASB No. 16, Accounting for Compensated Absences, the Town accrues compensated absences as they are earned by employees if the leave is attributable to past service and it is probable that the employer will compensate the employee by cash payments at termination or retirement. The amount of this estimated obligation at June 30, 2012 is recorded in the government-wide statements since the benefits are to be funded from future financial resources and will be paid from the General Fund.

Note 9. Employee Retirement Systems

Town Plan

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

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

Employees hired into the Guardian services (members of the police and fire departments) after July 1, 2006 participate in the Connecticut Municipal Retirement System (CMERS) and are not eligible to participate in the Plan. Similarly, service employees hired after July 1, 2007 participate in CMERS and are not eligible for the pension plan.

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

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

Service employees receive normal pension benefits equal to 2.5% of average annual compensation per year of credited service for the first 20 years, plus 2% in excess of 20 years to a maximum of 35 years. No employee shall receive more than 80% except for employees with the required years of service, who were hired before July 1, 2007. As of June 30, 2007, such employee's benefits are frozen. Disability benefits are provided as the greater of 50% of average annual compensation or the employee's normal retirement pension.

The Town of Hamden makes contributions to the Plan, at the discretion of the Town's Legislative Council.

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

Service employees currently contribute 5.5% of their annual covered salary. Guardian employees contribute 6% of covered salary. Covered salary includes regular payroll, vacation, holiday, personal, longevity and sick time payroll.

Employees are 100% vested in their contributions to the Plan. If a member leaves employment prior to becoming eligible for benefits, all accumulated employee contributions will be paid to the member in the form of a lump sum payment with interest calculated at 5% per year.

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

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

Net Pension Obligation

Annual required contribution	\$ 19,850,851
Interest on net pension obligation	11,366,282
Adjustment to annual required contribution	<u>(8,960,732)</u>
Annual pension cost	22,256,401
Contributions made	<u>3,040,000</u>
Increase in net pension obligation	19,216,401
Net pension obligation, beginning of year	<u>142,078,524</u>
Net pension obligation, end of year	<u><u>\$ 161,294,925</u></u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

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

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

Three Year Trend Information:

Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$ 21,247,825	\$ 12,500,000	58.8%	\$ 127,201,232
6/30/11	\$ 21,427,292	\$ 6,550,000	30.6%	\$ 142,078,524
6/30/12	\$ 22,256,401	\$ 3,040,000	13.7%	\$ 161,294,925

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Over) Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2010	\$ 81,352,519	\$ 323,748,595	\$ 242,396,076	25.13%	\$ 33,051,700	733.38%

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

Actuarial 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. The required schedule of funding progress, immediately following the notes to the financial statements (RSI) presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Actuarial assumptions are as follows:

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

Connecticut Municipal Employee's Retirement System

A. Plan Description

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

B. Plan Provisions

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

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 contribution were as follows:

2010	\$	205,571
2011	\$	499,985
2012	\$	636,284

Connecticut State Teachers' Retirement System

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

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

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

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$8,670,000 for the year ended June 30, 2012.

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.

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

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 2012, the Town contributions were \$15,847,243 were made on a pay-as-you-go basis.

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

Retirees and beneficiaries receiving benefits	1,170
Active plan members	<u>804</u>
Total	<u><u>1,974</u></u>

Annual OPEB Cost and Net OPEB Obligation

Annual required contribution	\$ 34,822,130
Interest on net pension obligation	3,328,109
Adjustment to ARC	<u>(5,095,213)</u>
Annual OPEB cost	33,055,026
Contributions made	<u>(15,847,243)</u>
Increase in net OPEB liability	17,207,783
Net OPEB obligation, beginning of year	<u>83,202,715</u>
Net OPEB obligation, end of year	<u><u>\$ 100,410,498</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.

Three Year Trend Information

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

Fiscal Year Ending	Annual OPEB Cost	Actual Contributions	Percentage of Cost Contributed	Net OPEB Obligation
6/30/12	\$ 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
6/30/10	30,193,936	11,051,962	36.6%	64,595,426

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
7/01/12	\$ -	\$ 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.

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:	N/A
Amortization Method:	Level Dollar Closed, 30 Years
Remaining Amortization Period:	26 Years
Actuarial Assumptions:	
Investment Rate of Return:	4.0%
Inflation Rate:	2.0%
Medical Trend Rate:	8.50% graded to 5.00% over 7 years
Prescription Drug Trend:	7.50% graded to 5.00% over 5 years
Dental Cost Trend Rate:	5%
Vision Cost Trend Rate:	3%

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Note 10. Fund Deficits

The following funds had fund deficits as of June 30, 2012:

Capital Projects Funds:

Farmington Canal	\$ (50,629)
Wintergreen Interdistrict Magnet School	(504,870)
Bear Path School Renovations	(474,168)

Special Revenue Funds:

Culture and Recreation	(1,498)
Public Works	(129,121)
Community Development	(22,432)

Internal Service Funds:

Workers' Compensation Fund	(6,280,426)
Medical Insurance Fund	(583,478)

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

Note 11. Contingencies and Commitments

Lawsuits

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

Environmental Contingency

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

The Town has agreed to clean up Mill Rock Park and the portion of the Hamden Community Center (former Newhall Street School) not owned by the Regional Water Authority.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

The Town has recorded a long-term liability of \$4.5 million dollars to recognize the estimated costs of the consent order. DEP released its final remediation standards plan in October 2007 and anticipates finalizing engineering plans in Fiscal 2013.

Landfill post-closure monitoring

State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for thirty years after closure, which was 1991. The liability for the landfill post-closure care, aggregating \$152,162, is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfills as of June 30, 2012. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

Municipal solid waste disposal contract

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

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

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

Note 12. Risk Management

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of Connecticut General Statutes, for workers' compensation, general liability and property insurance. CIRMA currently has 233 members in the workers' compensation pool. The Town pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws. The Town is subject to a \$300,000 per claim deductible for workers' compensation claims for claims from July 1, 1999 to June 30, 2009. The Board of Education was also covered by CIRMA on a fully insured basis for this same period of time.

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

The self-insurance programs for medical insurance are being administered by a third-party administrator ("the administrator") and are reported as an internal service fund. Medical insurance premiums are based upon estimates by number of employees and type of coverage (single or family), trends in the insurance claims and estimates for administration. The claims liability reported is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The Town maintains stop loss coverage of \$250,000 for individual medical claims.

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

Fiscal Year Ended	Claims Payable	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
6/30/11	\$ 7,117,777	\$ 33,856,633	\$ 31,966,802	\$ 9,007,608
6/30/12	\$ 9,007,608	\$ 34,236,298	\$ 34,667,745	\$ 8,576,161

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

Note 13. Fund Balances

Below is a table of fund balance categories and classifications at June 30, 2012 for the Town governmental funds:

	General Fund	Memorial Town Hall Fund	Capital Project Fund	Nonmajor Governmental Funds
Fund balances:				
Non-spendable:				
Inventory	\$ -	\$ -	\$ -	\$ 21,207
Total non-spendable	-	-	-	21,207
Restricted:				
General government	-	-	-	332,543
Public safety	-	-	-	139,741
Social services	-	-	-	96,176
Education	-	-	-	848,710
Total restricted	-	-	-	1,417,170
Committed:				
Capital projects	-	6,612,257	4,676,980	748,205
Total committed	-	6,612,257	4,676,980	748,205
Unassigned:				
General government	1,194,991	-	-	(1,182,718)
Total unassigned	1,194,991	-	-	(1,182,718)
Total fund balance	\$ 1,194,991	\$ 6,612,257	\$ 4,676,980	\$ 1,003,864

Note 14. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates in the future that may impact future financial presentations.

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

- **GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements**, issued November 2010, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

- **GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34***, issued November 2010, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.
- **GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***, issued January 2011, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- **GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***, issued July 2011, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.
- **GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities***, clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The provisions

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

of this Statement will be effective for the Town beginning with the period ending June 30, 2014, and would be applied on a prospective basis. Early adoption is encouraged

- **GASB Statement No. 66, *Technical Corrections - 2012***, enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. GASB 66 amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (a) operating lease payments that vary from a straight-line basis; (b) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and (c) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The provisions of this Statement will be effective for the Town beginning with the year ending June 30, 2014, and would be applied on a prospective basis. Early adoption is encouraged.
- **GASB Statement 67, *Financial Reporting for Pension Plans***. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to define contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement will be effective for the Town beginning with year ending June 30, 2014.
- **GASB Statement 68, *Accounting and Financial Reporting for Pensions***. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement will be effective for the Town beginning with year ending June 30, 2015.

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TOWN OF HAMDEN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES AND EXPENDITURES AND OTHER FINANCING SOURCES - BUDGETARY BASIS -
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes, interest and liens	\$ 140,061,681	\$ 139,876,681	\$ 139,969,770	\$ 93,089
Intergovernmental	32,897,662	32,897,662	32,827,551	(70,111)
Licenses, permits and fees	2,190,080	2,190,080	1,772,572	(417,508)
Charges for services	3,414,178	3,599,178	2,864,268	(734,910)
Investment earnings	197,500	197,500	57,819	(139,681)
Miscellaneous	2,109,500	2,109,500	1,860,495	(249,005)
Total revenues	180,870,601	180,870,601	179,352,475	(1,518,126)
EXPENDITURES				
Current:				
Education	79,115,000	79,115,000	79,103,548	11,452
General government	9,726,840	8,672,036	8,312,140	359,896
Public safety	22,709,403	23,085,101	22,840,809	244,292
Public works	11,582,703	12,394,817	12,172,899	221,918
Health and welfare	1,517,941	1,550,273	1,522,223	28,050
Culture and recreation	2,664,017	2,651,677	2,625,032	26,645
Employee benefits	37,734,887	37,581,887	37,524,232	57,655
Debt service:				
Interest	10,005,000	10,005,000	10,005,000	-
Anticipated bonding	5,814,810	5,814,810	5,135,304	679,506
Total expenditures	180,870,601	180,870,601	179,241,187	1,629,414
Revenues over (under) expenditures	-	-	111,288	111,288
OTHER FINANCING SOURCES				
Transfers in	-	-	587,527	587,527
Bond premium	-	-	762,116	762,116
	-	-	1,349,643	1,349,643
Revenues and other financing sources over (under) expenditures and other financing sources	\$ -	\$ -	\$ 1,460,931	\$ 1,460,931

See Notes to Required Supplementary Information.

TOWN OF HAMDEN, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
A RECONCILIATION OF GENERAL FUND BUDGETARY BASIS
For the Year Ended June 30, 2012**

A reconciliation of General Fund budgetary basis is as follows:

	General Fund	
	Revenues and Other Financing Sources	Expenditures
Balance, budgetary basis, June 30, 2012	\$ 180,702,118	\$ 179,241,187
On-behalf payments for state teachers retirement	8,670,000	8,670,000
GASB No. 54 effect	262,851	272,961
GAAP expenditure not recognized for budget purposes	-	813,394
Bond issuance costs	-	198,941
Balance, GAAP Basis, June 30, 2012	<u>\$ 189,634,969</u>	<u>\$ 189,196,483</u>

See Notes to Required Supplementary Information.

TOWN OF HAMDEN, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
June 30, 2012**

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
07/01/06	\$ 82,718,403	\$ 278,847,512	\$ 196,139,109	29.66%	\$ 30,598,423	641.01%
07/01/07	N/A	N/A	N/A	N/A	N/A	N/A
07/01/08	85,832,527	303,003,978	217,171,451	28.33%	33,976,398	639.18%
07/01/09	N/A	N/A	N/A	N/A	N/A	N/A
07/01/10	81,352,519	323,748,595	242,396,076	25.13%	33,051,700	733.38%
07/01/11	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
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%
2007	15,956,437	56.4%

TOWN OF HAMDEN, CONNECTICUT

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
June 30, 2012**

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Accrued Liability (b)	Unfunded/ Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
OPEB						
07/01/2008	\$ -	\$ 366,234,442	\$ 366,234,442	0.0%	N/A	N/A
07/01/2009	-	344,724,721	344,724,721	0.0%	N/A	N/A
07/01/2012	-	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
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%

TOWN OF HAMDEN, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2012

Note 1. Budgets and Budgetary Accounting

The budgetary basis of accounting and the Town's general budget policies are as follows:

- A. Not later than 105 days prior to the beginning of the fiscal year, the Mayor prepares and submits to the Legislative Council an annual budget based on detailed estimated revenues and expenditures for the Town.
- B. The Legislative Council must hold public hearings not later than 60 days before the beginning of the fiscal year, at which time taxpayers' comments are obtained.
- C. Not later than 45 days prior to the beginning of the fiscal year, the Legislative Council must adopt the budget.
- D. With approval from the Mayor, the Legislative Council may transfer any unencumbered appropriation from one department, commission, board or office to another. Any additional appropriation over and above the budget total may be made by resolution of the Legislative Council upon recommendation of the Mayor and certification from the Director of Finance that there is an unappropriated, unencumbered general fund cash balance available to meet the additional appropriation. Unencumbered appropriations lapse at year-end.
- E. Formal budgetary integration is employed as a management control device during the year for the general fund. Only the general fund is required to be budgeted.
- F. The legal level of control is at the department level.
- G. Encumbrances are recognized as a valid and proper charge against a budget issued appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year. If an appropriation is not encumbered, it lapses at year-end and may not be used by the department.
- H. Classifications of certain revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for budgetary purposes.

There were no additional appropriations for the year ended June 30, 2012.

Special revenue funds

The Town does not have legally adopted annual budgets for its special revenue funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

Capital project funds

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

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APPENDIX B - FORM OF OPINION OF BOND COUNSEL

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FORM OF OPINION OF BOND COUNSEL

May 15, 2013

Town of Hamden,
 Hamden, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of Hamden, Connecticut (the "Town"), a Tax Regulatory Agreement of the Town, dated May 15, 2013 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$29,415,000 Town of Hamden, Connecticut General Obligation Refunding Bonds, Issue of 2013, dated May 15, 2013 (the "Bonds"), maturing on August 15 in each of the years, in the principal amounts and bearing interest payable on August 15, 2013 and semiannually thereafter on February 15 and August 15 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2017	\$2,625,000	5.000%	2022	\$3,835,000	5.000%
2018	2,685,000	5.000	2023	2,970,000	5.000
2019	3,835,000	5.000	2024	3,015,000	3.000
2020	3,665,000	5.000	2025	3,035,000	3.125
2021	3,750,000	5.000			

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the last business day of January and July in each year, by check mailed to such registered owner at his address as shown on the registration books of the Town kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of Hamden, Connecticut
\$29,415,000 General Obligation Refunding Bonds, Issue of 2013
Dated May 15, 2013

May 15, 2013

WHEREAS, the Town of Hamden, Connecticut (the "Town") has heretofore authorized the issuance of \$29,415,000 in aggregate principal amount of its General Obligation Refunding Bonds, Issue of 2013, dated May 15, 2013 (the "Bonds"), and to mature on the dates and in the amounts and set forth in the Town's Official Statement dated May 2, 2013 describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a negotiated sale pursuant to a Bond Purchase Agreement, dated May 2, 2013 (the "Bond Purchase Agreement"); and

WHEREAS, in the Bond Purchase Agreement, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the "Rule"), and the Town desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this "Agreement") is to be made, executed and delivered by the Town in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Annual Report" shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 2 and 3 of this Agreement.

"Fiscal Year End" shall mean the last day of the Town's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

"SEC" shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The Town shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the Town:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Town per capita;

(G) the ratios of total direct debt and total overall net debt of the Town to the Town's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Town's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Town's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the Town which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Town reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule. The Town also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Town shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of

issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Town shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 5. Notice of Failure. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Bonds.

IN WITNESS WHEREOF, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF HAMDEN, CONNECTICUT

By: _____
Scott D. Jackson
Mayor

By: _____
Salvatore DeCola
Director of Finance

APPENDIX D - SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

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\$29,415,000
TOWN OF HAMDEN, CONNECTICUT
GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2013

