

OFFICIAL STATEMENT DATED AUGUST 7, 2012

New Issue – Book-Entry-Only

Ratings: (See “Ratings” herein.)

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the 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 not included in the gross income of the owners thereof 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 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.

In the opinion of Bond Counsel, based on existing statutes and court decisions, interest on the Notes is included in the gross income for purposes of federal income tax pursuant to the Code, 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.

TOWN OF HAMDEN, CONNECTICUT

\$24,705,000 GENERAL OBLIGATION BONDS, ISSUE OF 2012

Dated: Date of Delivery

Due: Serially, August 15, as shown on inside cover page

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 under “Redemption Provisions” herein.

RAYMOND JAMES | MORGAN KEEGAN

PiperJaffray

William Blair

\$480,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES (TAXABLE)

Dated: August 23, 2012

Due: August 22, 2013

The Notes are not subject to redemption prior to maturity.

The Notes will be dated August 23, 2012 and will be payable as to both principal and interest at maturity on August 22, 2013. The Notes will bear interest calculated on the basis of 30-day months and a 360-day year payable at maturity at the rate per annum, which rate shall be in a multiple of 1/100 of 1% per annum. A book-entry system will be employed, evidencing ownership of the Notes. The beneficial owners of the Notes will not receive certificates representing their ownership interests in the Notes. The Notes will be issued in minimum denominations of \$5,000 or whole multiples thereof.

RAYMOND JAMES | MORGAN KEEGAN

The Bonds and Notes 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 Underwriters by Pullman & Comley, LLC, of Bridgeport, Connecticut. It is expected that the delivery of the Bonds and Notes in definitive form will be made on or about August 23, 2012 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.

TOWN OF HAMDEN, CONNECTICUT

\$24,705,000 GENERAL OBLIGATION BONDS, ISSUE OF 2012 BOOK-ENTRY ONLY

\$18,530,000 Serial Bonds

Dated: Date of Delivery

Due: Serially, August 15, 2013 - 2032

Due	Amount	Interest Rate	Yield	CUSIP Number	Due	Amount	Interest Rate	Yield	CUSIP Number
2013	\$1,240,000	3.000%	0.750%	406792T35	2021	\$1,235,000	4.000%	2.830%	406792U33
2014	1,235,000	3.000	1.040	406792T43	2022	1,235,000	5.000	3.010	406792U41
2015	1,235,000	3.000	1.230	406792T50	2023	1,235,000	3.000	3.160	406792U58
2016	1,235,000	4.000	1.430	406792T68	2024	1,235,000	3.125	3.320	406792U66
2017	1,235,000	4.000	1.670	406792T76	2025	1,235,000	3.250	3.420	406792U74
2018	1,235,000	2.500	2.010	406792T84	2026	1,235,000	5.000	3.380 ¹	406792U82
2019	1,235,000	2.000	2.310	406792T92	2027	1,235,000	5.000	3.440 ¹	406792U90
2020	1,235,000	4.000	2.590	406792U25					

¹ Priced assuming redemption on August 15, 2022; however, any such redemption is at the optional election of the Town.

\$6,175,000 3.750% Term Bond due August 15, 2032 - Yield 4.000%, CUSIP 406792V65

\$480,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES (TAXABLE)

Dated: August 23, 2012

Due: August 22, 2013

Interest Rate: 3.000%	Yield: 1.125%	CUSIP Number: 406792V73
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OFFICIAL STATEMENT

\$24,705,000 GENERAL OBLIGATION BONDS, ISSUE OF 2012 \$480,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES (TAXABLE) (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 \$24,705,000 General Obligation Bonds, Issue of 2012 (the "Bonds") and \$480,000 General Obligation Bond Anticipation Notes (Taxable) (the "Notes") 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 or Notes. 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 or Notes 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, and Transfer Agent for the Bonds and Notes.

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 - "Forms of Opinions of Bond Counsel" herein), and it makes no representation that it has independently verified the same.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in the Official Statement in accordance with, and as part of their

responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Underwriters' 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.

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 material events with respect to the Bonds and notices of material events with respect to the Notes pursuant to Continuing Disclosure Agreements to be executed by the Town in substantially the forms attached as Appendix C to this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OR NOTES 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 inside 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 July and January 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.

Description of the Notes

The Notes will be dated August 23, 2012 and will be due and payable as to both principal and interest at maturity, August 22, 2013. The Notes are not subject to redemption prior to maturity and will bear interest, calculated on the basis of twelve 30-day months and a 360-day year, at such rate or rates per annum as set forth on the inside cover page hereof. A book-entry system will be employed, evidencing ownership of the Notes 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 Notes are not subject to redemption prior to maturity.

Redemption Provisions

Optional Redemption

The Bonds maturing on or before August 15, 2022 are not subject to redemption prior to maturity. The Bonds maturing on August 15, 2023 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after August 15, 2022, 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, 2022 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.

Mandatory Redemption

The Bonds maturing on August 15, 2032 are subject to mandatory redemption prior to maturity on August 15 in each of the years 2028–2032, both inclusive, at the price of par plus accrued interest to the date fixed for redemption from mandatory sinking fund installments which are required to be made in amounts sufficient to redeem on August 15 of each year the principal amount of such bonds shown below:

<u>Year</u>	<u>Sinking Fund Installment</u>
2028	\$1,235,000
2029	1,235,000
2030	1,235,000
2031	1,235,000
2032†	1,235,000

† Final maturity.

Authorization and Purpose

Police Headquarters/Memorial Town Hall: A \$36,349,000 appropriation and bond authorization for the costs of planning, design, acquisition and construction of a new police station and renovations to Memorial Town Hall was adopted by an ordinance of the Legislative Council on May 18, 2009.

Bear Path School: A \$14,280,000 appropriation and bond authorization for the planning, acquisition and construction of improvements to Bear Path School was adopted by an ordinance of the Legislative Council on June 26, 2000.

Capital Improvement Program 2010–11 Projects: Appropriations and bond authorizations totaling \$6,208,740 for projects included in the 2010–11 Town and Board of Education Capital Improvement Program were adopted by the Legislative Council on June 7, 2010, as amended.

Capital Improvement Program 2011–12 Projects: An ordinance appropriating \$7,564,000 and authorizing \$7,039,000 of bonds for projects included in the 2011–12 Town and Board of Education Capital Improvement Program was adopted by the Legislative Council on July 26, 2011.

Use of Proceeds

<u>Project</u>	<u>Bonds Authorized</u>	<u>Notes Maturing 8/23/12</u>	<u>Paydowns</u>	<u>The Bonds</u>	<u>The Notes</u>
Police Headquarters/Memorial Town					
Hall Construction	\$36,349,000	\$17,076,000	(\$110,000)	\$16,966,000	\$ -
Bear Path School	14,280,000	510,000	(255,000)	-	255,000
2010-11 Capital Improvements	6,208,740	1,150,000	-	1,150,000	-
2011-12 Capital Improvements	<u>7,039,000</u>	<u>7,039,000</u>	<u>(225,000)</u>	<u>6,589,000</u>	<u>225,000</u>
Total	\$63,876,740	\$25,775,000	(\$590,000)	\$24,705,000	\$480,000

Sources and Uses of Proceeds

Proceeds of the Bonds and Notes are to be applied as follows:

	<u>The Bonds</u>	<u>The Notes</u>
Sources:		
Principal	\$24,705,000.00	\$480,000.00
Net Original Issue Premium	<u>910,674.85</u>	<u>8,875.20</u>
Total Sources	\$25,615,674.85	\$488,875.20
Uses:		
Deposit to Project Fund	\$24,705,000.00	\$480,000.00
Costs of Issuance ¹	275,759.48	4,278.02
Deposit to Debt Service Fund	-	4,597.18
Additional proceeds	<u>634,915.37</u>	<u>-</u>
Total Uses	\$25,615,674.85	\$488,875.20

¹ Includes underwriters' discount.

Tax Matters

Federal Income Tax

The Bonds

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. Non-compliance 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 compliance 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, 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.

Original Issue Discount

The initial public offering prices of the Bonds of certain maturities 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 is sold constitutes original issue discount. The prices set forth on the inside 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 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 Bonds. 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, such Bonds.

Original Issue Premium

The initial public offering prices of the Bonds of certain maturities 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 sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the inside 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.

The Notes

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Notes is included in gross income for federal income tax purposes pursuant to the Code. Prospective purchasers of the Notes, particularly nonresident alien individuals, foreign corporations or other non-U.S. persons, should consult their own tax advisors regarding the application of withholding tax to interest on the Notes, the tax consequences of purchasing the Notes at a discount or premium at the issue date or thereafter, and the tax consequences of the ownership and disposition of, or receipt of interest on, the Notes.

State of Connecticut Income Tax

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds and the Notes 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. Prospective purchasers of the Bonds and the Notes are advised to consult their own tax advisors regarding the State and local tax consequences of ownership and disposition of, or receipt of interest on, the Bonds and the Notes.

The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion 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.

Ratings

On July 20, 2012, Moody's Investors Service assigned a rating of A2 to the Bonds and affirmed the A2 rating on the Town's parity debt outstanding. Moody's Investors Service also assigned a rating of MIG 1 to the Notes. On July 19, 2012, Standard & Poor's assigned a rating of A to the Bonds and affirmed the Town's parity debt outstanding. On July 18, 2012, Fitch Ratings assigned a rating of A- to the Bonds and affirmed the Town's parity debt outstanding. 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 or the Notes. 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 Notes and the explanation of such rating.

Security and Remedies

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

Unless paid from other sources, the Bonds and Notes 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 and Notes 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 and Notes.

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 Notes 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 and Notes 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.

Qualification for Financial Institutions

The Bonds and Notes 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 and Notes.

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 and Notes, payment of interest and other payments on the Bonds and Notes to DTC participants or beneficial owners of the Bonds and Notes, confirmation and transfer of beneficial ownership interest in the Bonds and Notes and other bond-related transactions by and between DTC, the DTC participants and beneficial owners of the Bonds and Notes is based solely on information provided on DTC's website and presumed to be reliable. Accordingly, neither the Town nor the Underwriters 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 and Notes (the "Securities"). The Securities 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 one fully-registered Note certificate will be issued for each interest rate of Notes, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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, 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 the Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 confirmation 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 Securities 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 the Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in the beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to the Securities 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 the 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, nor its nominee, the paying agent, or the Town subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the 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 Securities depository with respect to the Securities at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained Security certificates of the Securities are required to be printed and delivered.

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

NEITHER THE TOWN, THE PAYING AGENT, NOR THE UNDERWRITERS 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 OR NOTES; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS OR NOTEHOLDERS; AND (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER OR NOTEHOLDER.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, DTC Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds or Notes 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 and Notes

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

Underwriting

The Bonds are being purchased by the underwriters listed on the cover page of this Official Statement (the "Underwriters"), for whom Morgan Keegan & Company, Inc., or its successor in interest ("Morgan Keegan") is acting as representative). The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$25,477,247.12 (consisting of the principal amount of \$24,705,000, plus net original issue premium of \$910,674.85, less underwriters' discount of \$138,427.73). The Underwriters will be obligated to purchase all the Bonds, if any such Bonds are purchased.

Morgan Keegan has also agreed, subject to certain conditions, to purchase the Notes from the Town at the net aggregate purchase price of \$487,265.43 (consisting of the principal amount of \$480,000, plus net original issue premium of \$8,875.20, less underwriter's discount of \$1,609.77). Morgan Keegan will be obligated to purchase all the Notes, if any such Notes are purchased.

The Bonds and Notes 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 and Notes 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 Underwriters and Morgan Keegan.

On April 2, 2012, Raymond James Financial, Inc. ("RJF"), the parent company of Raymond James & Associates, Inc. ("Raymond James"), acquired all of the stock of Morgan Keegan & Company, Inc. ("Morgan Keegan") from Regions Financial Corporation. Morgan Keegan and Raymond James are each registered broker-dealers. Both Morgan Keegan and Raymond James are wholly owned subsidiaries of RJF and, as such, are affiliated broker-dealer companies under the common control of RJF, utilizing the trade name "Raymond James I Morgan Keegan" that appears on the cover of this Official Statement. It is anticipated that the businesses of Raymond James and Morgan Keegan will be combined.

Morgan Keegan has entered into a distribution arrangement with Raymond James for the distribution of the Bonds and Note at the original issue prices. Such arrangement generally provides that Morgan Keegan will share a portion of its underwriting compensation or selling concession with Raymond James.

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Distribution Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Bonds. Under the Distribution Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper Jaffray & Co.

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, 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	2½ years ¹
Chief Administrative Officer	Curt B. Leng	Appointed/indefinite	2 ½ years
Director of Finance.....	Salvatore DeCola	Appointed/indefinite	3 months
Town Clerk	Vera A. Morrison	Elected/2 years	17 years
Tax Collector	Barbara Tito	Appointed/indefinite	30 years
Assessor	James W. Clynes	Appointed/indefinite	24 years
Superintendent of Schools	Fran Rabinowitz	Appointed/indefinite	5 years
Deputy Finance Director	Amaechi E. Obi	Appointed/indefinite	24 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 current time there has been over \$6.5 million of new investment in manufacturing relating to over 100,000 square feet of space.

The current investment of \$380,000,000 derived from larger projects will yield 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 CT 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 5th largest taxpayer in the Town. Its \$75 million expansion is expected to 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 South 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 and Helen Street 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 10/1/11</u>	<u>Designed Capacity</u>
Alice Peck Elementary School	Pre-K	1954 (1991)	18	89	300
Bear Path Elementary School	K-6	2003	25	468	495
Dunbar Hill Elementary School	K-6	1950 (1995)	18	321	403
Helen Street Elementary School	K-6	1992	20	267	350
Ridge Hill Elementary School	K-6	1971 (2011)	22 open classrooms	321	560
Shepherd Glen Elementary School	K-6	1972	17 open classrooms	337	477
Spring Glen Elementary School	K-6	2003	22	394	450
West Woods Elementary School ...	K-6	1973	24	476	510
Church Street Elementary School .	K-6	1991	28	406	438
Hamden Middle School	7-8	2006	66	906	1,155
Hamden High School	9-12	1935 (1998)	77	1,852	2,100
Central Office (Administration)	N/A	1915 (2011)	N/A	—	—
Total				5,837	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>					
2000-01	3,325	975	1,877	108	6,285
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	
<i>Projected</i>					
2012-13	3,174	900	1,937	6,011	
2013-14	3,215	900	1,937	6,052	
2014-15	3,225	900	1,937	6,062	

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	804	804	804	804	803
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 (50) 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>
June 2012	33,407	30,456	2,951	8.8	8.8	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	1,345	4.2	67,078	3.8
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.

<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>Total</u>	
	<u>Number</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	<u>1,437</u>	<u>56</u>	<u>116,439</u>	<u>7.9</u>
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	<u>77</u>	<u>0.5</u>	<u>47,635</u>	<u>5.1</u>
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 August 23, 2012
(Pro Forma)**

Outstanding Short-term Debt

<u>Purpose</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	<u>225,000</u>	08/22/13
Total		\$480,000	

Outstanding Bonded Debt

<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	\$ 11,940,000
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	9,865,000
07/15/06	07/15/25	Various purpose	4.00-6.00	9,695,000	6,790,000
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	32,770,000
10/06/11	07/15/20	Various purpose	3.00-4.00	13,150,000	13,150,000
08/23/12	08/15/32	This issue	2.00-5.00	24,705,000	<u>24,705,000</u>
Total					\$132,505,000

Overlapping/Underlying Debt

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

**Bonded Debt Maturity Schedule
As of August 23, 2012
(Pro Forma)**

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments¹</u>	<u>Total Payments</u>	<u>Principal This Issue</u>	<u>Cumulative Principal Retired (%)</u>
2013	\$ -	\$ 2,079,011	\$ 2,079,011	\$ -	-
2014	10,470,000	3,962,515	14,432,515	1,240,000	8.84
2015	10,920,000	3,555,628	14,475,628	1,235,000	18.01
2016	10,535,000	3,150,496	13,685,496	1,235,000	26.89
2017	9,715,000	2,783,393	12,498,393	1,235,000	35.16
2018	8,645,000	2,449,026	11,094,026	1,235,000	42.61
2019	7,355,000	2,149,567	9,504,567	1,235,000	49.09
2020	7,180,000	1,864,410	9,044,410	1,235,000	55.45
2021	6,325,000	1,585,559	7,910,559	1,235,000	61.15
2022	5,270,000	1,355,422	6,625,422	1,235,000	66.06
2023	5,275,000	1,157,519	6,432,519	1,235,000	70.97
2024	4,330,000	974,659	5,304,659	1,235,000	75.17
2025	4,330,000	806,566	5,136,566	1,235,000	79.37
2026	4,065,000	642,822	4,707,822	1,235,000	83.37
2027	2,835,000	504,422	3,339,422	1,235,000	86.45
2028	2,350,000	395,438	2,745,438	1,235,000	89.15
2029	2,350,000	297,063	2,647,063	1,235,000	91.86
2030	2,350,000	198,313	2,548,313	1,235,000	94.56
2031	1,750,000	111,562	1,861,562	1,235,000	96.81
2032	1,750,000	37,187	1,787,187	1,235,000	99.07
2033	-	-	-	1,235,000	100.00
Total	\$107,800,000	\$30,060,578	\$137,860,578	\$24,705,000	

¹ Does not include interest on this issue.

**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 a 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 August 23, 2012
(Pro Forma)**

Debt Limitation Base

Estimated total tax collections, including interest and lien fees, for the fiscal year ended June 30, 2012 (unaudited)	<u>\$139,842,938</u>
Debt Limitation Base	<u>\$139,842,938</u>

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	\$314,646,611					\$314,646,611
4.50 x base	-	\$629,293,221				629,293,221
3.75 x base	-	-	\$524,411,018			524,411,018
3.25 x base	-	-	-	\$454,489,549		454,489,549
3.00 x base	-	-	-	-	<u>\$419,528,814</u>	<u>419,528,814</u>
Total debt limitation	<u>314,646,611</u>	<u>629,293,221</u>	<u>524,411,018</u>	<u>454,489,549</u>	<u>419,528,814</u>	<u>2,342,374,213</u>
Less indebtedness: ¹						
Bonds of this issue	24,705,000	-	-	-	-	24,705,000
Notes of this issue	-	480,000	-	-	-	480,000
Bonds payable	64,626,652	43,173,348	-	-	-	107,800,000
Bonds authorized but unissued	<u>4,312,675</u>	<u>1,600,541</u>	-	-	-	<u>5,913,216</u>
Total indebtedness	<u>93,644,327</u>	<u>45,253,889</u>	-	-	-	<u>138,898,216</u>
Less school construction grants receivable						
	<u>-</u>	<u>6,757,289</u>	-	-	-	<u>6,757,289</u>
Total net indebtedness	<u>93,644,327</u>	<u>38,496,600</u>	-	-	-	<u>132,140,927</u>
Debt limitation in excess of outstanding and authorized debt						
	\$221,002,284	\$590,796,621	\$524,411,018	\$454,489,549	\$419,528,814	\$2,210,233,286

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 August 23, 2012
(Pro Forma)**

<u>Project</u>	<u>Bonds Authorized</u>	<u>Bond Ordinance Number</u>	<u>Bonds Issued</u>	<u>Notes Outstanding</u>	<u>Paydowns/ Grants</u>	<u>Authorized but Unissued</u>
Bear Path School ¹	\$14,280,000	412	\$ 5,778,900	\$ 255,000	\$ -	\$ 255,000
High school improvements ¹	2,980,000	486, 530	1,882,690	-	255,000	1,097,310
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
Police headquarters/Memorial Town Hall construction	36,349,000	573	36,239,000	-	110,000	-
		585, 586, 587,				
2010-11 capital improvements	6,208,740	588, 593, 594	6,208,740	-	-	-
2011-12 capital improvements	7,039,000	611	6,589,000	225,000	225,000	225,000
Total	<u>\$76,505,140</u>		<u>\$59,516,000</u>	<u>\$480,000</u>	<u>\$3,084,725</u>	<u>\$5,913,216</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 Statement
As of August 23, 2012
(Pro Forma)**

Bonded debt	
General purpose (including this issue)	\$ 89,135,852
Schools (including this issue)	43,173,348
Sewers	195,800
Total long-term bonded debt	<u>132,505,000</u>
Short-term debt (this issue)	480,000
Direct debt	<u>132,985,000</u>
Less school construction grants receivable	6,757,289
Net direct debt.....	<u>126,227,711</u>
Overlapping/underlying debt	-
Total overall net debt	<u>\$126,227,711</u>

**Current Debt Ratios
As of August 23, 2012
(Pro Forma)**

Population, 2010 ¹	60,960
Per capita income, 2010 ²	\$34,596
Net taxable grand list, 10/1/11	\$4,048,765,885
Estimated full value @ 70%	\$5,783,951,264
Equalized net grand list (2009) ³	\$6,106,840,331

	Direct Debt <u>\$132,985,000</u>	Net Direct Debt <u>\$126,227,711</u>	Total Overall Net Debt <u>\$126,227,711</u>
Per capita	\$2,181.51	\$2,070.66	\$2,070.66
To net taxable grand list	3.31%	3.14%	3.14%
To estimated full value	2.31%	2.20%	2.20%
To equalized net grand list	2.18%	2.07%	2.07%
Ratio of debt per capita to per capita income	6.31%	5.99%	5.99%

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>2010–11</u>	<u>2009–10</u>	<u>2008–09</u>	<u>2007–08</u>	<u>2006–07</u>
Population ¹	60,960	60,960	58,119	57,862	57,698
Net taxable grand list	\$4,310,212,858	\$4,306,772,827	\$4,306,772,827	\$4,263,927,334	\$4,215,342,198
Estimated full value	\$6,157,446,940	\$6,152,532,610	\$6,152,532,610	\$6,091,324,763	\$6,021,917,426
Equalized net taxable grand list	\$6,106,840,331	\$6,351,601,147	\$6,663,409,793	\$6,872,361,698	\$6,041,312,037
Per capita income ¹	\$34,596	\$34,596	\$26,039	\$26,039	\$26,039
Long-term debt	\$ 94,295,000	\$ 94,295,000	\$ 86,860,000	\$ 95,575,000	\$104,320,000
Short-term debt	<u>51,725,000</u>	<u>30,765,000</u>	<u>18,875,000</u>	<u>12,300,000</u>	<u>8,235,000</u>
Total overall debt	<u>\$146,020,000</u>	<u>\$125,060,000</u>	<u>\$105,735,000</u>	<u>\$107,875,000</u>	<u>\$112,555,000</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>2010–11</u>	<u>2009–10</u>	<u>2008–09</u>	<u>2007–08</u>	<u>2006–07</u>
Overall debt					
Per capita	\$2,395.34	\$2,051.51	\$1,819.28	\$1,864.35	\$1,950.76
To net taxable grand list	3.39%	2.90%	2.45%	2.53%	2.67%
To estimated full value	2.37%	2.03%	1.72%	1.77%	1.87%
To equalized net taxable grand list	2.39%	1.97%	1.59%	1.57%	1.86%
Debt per capita to per capita income	6.92%	5.93%	6.99%	7.16%	7.49%

**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>
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
2007	11,773,097	168,389,550	6.99

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 any reason that will cause the debt service of the Town to exceed ten per cent (10%) of the current fiscal 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, 2007 through 2011. 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
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 10/1/11	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	0.86
Fairfield Apple Hill LP	Apartments	32,386,900	0.80
Sermonte Associates	Apartments	20,010,970	0.49
MC Corporation	Retail	19,950,000	0.49
2335 Rte 10 Hamden-CT Inc.	Retail	17,926,440	0.44
Hamden Plaza Associates	Apartments	14,840,000	0.37
Davenport Residence, Inc.	Apartments	14,085,400	0.35
Sutton-Mix Avenue LLC	Condominiums	<u>13,435,660</u>	<u>0.33</u>
Total		\$265,719,790	6.56

Net Taxable Grand List for 10/1/11: \$4,048,765,885.

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 6/30/12
2012	34.77	\$139,200,722	98.9	98.9	1.1
2011	31.16	133,375,296	98.5	1.5	0.5
2010	29.41	126,148,748	98.4	1.6	0.2
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	-

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>
2011	75.21%
2010	69.57
2009	71.03
2008	73.31
2007	73.86
2006	73.57
2005	73.59
2004	73.58

Comparative Balance Sheets - General Fund

	<u>6/30/11</u>	<u>6/30/10</u>	<u>6/30/09</u>	<u>6/30/08</u>	<u>6/30/07</u>
Assets					
Cash and cash equivalents	\$25,111,264	\$16,742,544	\$13,647,120	\$17,539,078	\$14,505,729
Receivables:					
Property taxes	4,111,497	4,489,138	3,802,712	4,217,937	2,714,969
Special assessments	-	-	-	-	14,278
Intergovernmental	11,058,862	12,056,110	12,965,308	14,005,903	5,849,074
Other	-	-	-	625,144	374,798
Due from other funds	<u>2,524,970</u>	<u>11,137,940</u>	<u>11,513,974</u>	<u>6,477,906</u>	<u>6,690,995</u>
Total assets	\$42,806,593	\$44,425,732	\$41,929,114	\$42,865,968	\$40,149,843
Liabilities and fund equity					
Liabilities					
Accounts payable and accrued expenses	\$7,423,652	\$ 8,064,139	\$10,187,047	\$12,348,973	\$10,316,753
Unearned revenues	1,476,464	1,926,045	1,515,387	1,377,062	-
Deferred revenue	11,700,316	12,820,778	14,305,718	15,630,379	18,074,939
Due to other funds	<u>21,648,597</u>	<u>21,040,095</u>	<u>7,296,193</u>	<u>5,765,366</u>	<u>4,673,742</u>
Total liabilities	42,249,029	43,851,057	33,304,345	35,121,780	33,065,434
Fund equity					
Unassigned	557,564	-	-	-	-
Reserved for encumbrances	-	-	-	-	132,888
Reserved for subsequent year's budget	-	-	2,100,000	-	-
Unreserved and undesignated	<u>-</u>	<u>574,675</u>	<u>6,524,769</u>	<u>7,744,188</u>	<u>6,951,521</u>
General Fund equity	<u>557,564</u>	<u>574,675</u>	<u>8,624,789</u>	<u>7,744,188</u>	<u>7,084,409</u>
Total liabilities and fund equity	\$42,806,593	\$44,425,732	\$41,929,114	\$42,865,968	\$40,149,843
Operating revenues	\$183,436,468	\$173,070,065	\$181,482,068	\$176,359,723	\$162,935,577
Fund balance as percent of operating revenues	0.30	0.33	4.75	4.39	4.35
Undesignated fund balance as percent of operating revenues	0.30	0.33	3.60	4.39	4.27

Adopted Budget for Fiscal 2012-13 and Fiscal Year 2011-12 Projections

	2011-12 <u>Amended Budget</u>	2011-12 <u>Projections</u>	2012-13 <u>Adopted Budget</u>
Revenues			
Taxes	\$140,061,681	\$140,124,109	\$150,765,467
Intergovernmental	31,409,423	31,755,745	32,125,043
Departmental revenues	<u>9,399,497</u>	<u>7,887,767</u>	<u>9,602,118</u>
Total revenues	180,870,601	179,767,623	192,492,628
Expenditures			
General government	8,977,600	8,296,484	9,185,534
Public safety	22,854,628	22,826,700	23,778,708
Public works	12,180,411	11,989,149	11,816,651
Culture and recreation	2,688,498	2,616,407	2,784,704
Health and welfare	1,517,767	1,523,153	1,573,632
Employee benefits	37,716,887	37,326,973	46,183,887
Debt service	15,819,810	15,140,304	16,869,512
Board of Education	<u>79,115,000</u>	<u>79,115,000</u>	<u>80,300,000</u>
Total expenditures	180,870,601	178,834,173	192,492,628
Excess of revenues over expenditures	-	\$ 933,449	-

The estimated total unassigned fund balance for June 30, 2012 is projected to total \$1,491,014.

	<u>6/30/12 Projections</u>
Total fund balance as percent of operating revenues	0.82%
Unassigned fund balance as % operating revenues	0.82%

The preliminary estimate of fund balance shown above includes revenues received and expenditures incurred for the year ended June 30, 2012, using data as of July 19, 2012.

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

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Revenues					
Property taxes	\$133,437,247	\$125,961,736	\$126,262,807	\$125,272,842	\$119,456,053
Licenses, permits and fees	1,731,085	2,893,495	3,371,675	4,748,379	3,589,494
Intergovernmental	44,696,470	40,619,842	47,658,189	39,629,141	34,857,364
Charges for services	3,113,930	2,915,983	3,341,206	3,371,363	2,850,508
Investment income	146,992	181,966	426,895	1,179,351	1,867,996
Proceeds from sale of land	-	-	-	1,062,000	-
Other revenues	<u>310,744</u>	<u>497,043</u>	<u>421,296</u>	<u>1,096,647</u>	<u>334,162</u>
Total revenues	183,436,468	173,070,065	181,482,068	176,359,723	162,935,577
Expenditures					
Education	78,356,902	83,759,620	83,496,925	80,448,243	75,918,099
General government	8,415,453	8,486,693	8,860,822	8,616,312	7,990,913
Public safety	22,998	21,353,567	21,244,235	20,427,428	19,297,719
Public works	12,132,659	10,972,530	11,825,883	11,302,994	10,675,704
Health and welfare	1,397,367	1,373,735	1,454,075	1,421,511	1,642,517
Culture and recreation	2,645,461	3,633,624	3,637,547	3,573,695	3,793,371
Employee benefits	47,640,667	38,579,075	37,439,217	37,096,091	-
Capital outlay	-	179,222	1,022,724	195,628	1,212,514
Debt service	<u>4,333,809</u>	<u>13,514,084</u>	<u>13,100,902</u>	<u>13,491,417</u>	<u>11,773,097</u>
Total expenditures	184,639,339	181,852,150	182,082,330	176,573,319	168,389,550
Excess (deficiency) of revenues over (under) expenditures	(1,202,871)	(8,782,085)	(600,262)	(213,596)	(5,453,973)
Other financing sources (uses)					
Proceeds from capital leases ...	-	179,222	1,022,724	195,628	1,212,514
Refunding bond proceeds	-	12,680,000	-	-	-
Bond premium	741,219	656,765	-	-	-
Payments to escrow agent	-	(13,081,300)	-	-	-
Operating transfers in	205,912	297,304	514,119	677,747	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>(56,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	947,131	731,991	1,480,843	873,375	1,212,514
Extraordinary item					
State teachers on-behalf payments	-	-	-	(22,290,000)	-
State teachers on-behalf revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,290,000</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other financing sources (uses)	(255,740)	(8,050,094)	880,581	659,779	(4,241,459)
Fund balance, beginning	<u>813,304¹</u>	<u>8,624,769</u>	<u>7,744,188</u>	<u>7,084,409</u>	<u>11,325,868</u>
Fund balance, ending.....	\$ 557,564	\$ 574,675	\$8,624,769	\$7,744,188	\$ 7,084,409

¹Reclassified. See Appendix A – “Auditor’s Section, Notes to Financial Statements, Note 14.”

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.

Initial results for June 30, 2011 showed a surplus of \$1.2 million, however 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 new 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 is projecting an operating surplus of approximately \$933,000 which would increase the General Fund Balance from \$557,564 to approximately \$1.5 million.

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.

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
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
2005	31,701,696	146,048,789	21.7

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

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, the State of Connecticut Short Term Investment Fund, and the State of Connecticut Tax-Exempt Proceeds 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. The Plan is closed to all new hires after July 1, 2007. As of July 1, 2010, the date of the most recent valuation, approximately 1,259 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, 2004 through June 30, 2011.

<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>
2004	\$ 1,000,000	\$1,653,368	\$ 7,522,329	\$113,927	\$12,500,223	\$83,785,549
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	1,599,183	2,997,640	100,000	19,855,000	72,544,342
2012	3,040,000	n/a	n/a	n/a	n/a	53,500,000 ¹
2013	9,340,000 ²	n/a	n/a	n/a	n/a	n/a

¹ Projected.

² Budgeted.

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, 2006 through June 30, 2011.

	<u>Year Ending June 30</u>					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actuarial accrued liability	\$278,857,512	N/A ¹	\$303,003,978	N/A ¹	\$323,748,595	N/A ¹
Actuarial value of assets	<u>82,772,985</u>	\$84,069,349	<u>85,832,527</u>	\$78,884,991	<u>81,352,519</u>	\$72,544,342
Unfunded accrued liability	198,084,527	N/A ¹	217,171,451	N/A ¹	242,395,076	N/A ¹
Actuarial recommended contribution	\$13,951,743	\$15,956,437	\$16,754,259	\$18,292,235	\$18,911,433	\$19,088,623
Market value of assets	\$82,772,985	\$88,661,566	\$81,058,324	\$65,737,492	\$71,239,987	\$71,796,698
Funded ratio						
(actuarial value)	29.68%	N/A ¹	28.33%	N/A ¹	25.13%	N/A ¹
(market value)	29.68%	N/A ¹	26.75%	N/A ¹	22.00%	N/A ¹
Ratio of actuarial value to market value of assets	100.0%	94.8%	105.9%	120.0%	114.2%	101.0%

¹Information not available.

	<u>Projection as of June 30, 2012</u>
Actuarial accrued liability	\$349,400,000
Actuarial value of assets	<u>53,500,000</u>
Unfunded accrued liability	295,900,000
Actuarial recommended contribution	\$23,000,000
Market value of assets	\$55,700,000
Funded ratio	
(actuarial value)	15.3%
(market value)	15.9%
Ratio of actuarial value to market value of assets	96%

Source: The Segal Group, the Town's Pension Consultant, as of July 2012.

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, 2012 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, 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 ²	15.3
July 1, 2012	9,340,000 ¹	19,900,000 ²	46.9

¹Budgeted.

²These amounts are projections based on the 2010 pension valuation.

The Town's annual pension cost and net pension obligation were as follows for the year ended June 30, 2011:

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

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 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.

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

Recognizing the underfunding of the Plan, the Town has engaged the services of the Segal Company to engage in a six-month planning process designed to develop a long-term, multi-tiered program to dramatically increase the Plan's funding ratio. Represented on the 7-member working group are the Mayor's Office, Finance Department, Financial Advisor, Legislative Council, Guardian Employees, Service Employees, and Personnel Department.

The goals of the group are to 1) increase funding of the existing Plan in a fashion that yields long-term tax stability; 2) establish a new Plan design for future employees that effectively manages investment risk between the employer and the employee; 3) to the extent possible under contract, analyze modifications to the existing plan design; and 4) identify and implement administrative/technical changes that will provide enhanced oversight of the fund.

Specific strategies to be analyzed include, but are not limited to, the issuance of pension obligation bonds (now available under the Town's new charter), a change to the fund valuation timelines, development of a defined contribution program, and moving to a level-dollar pension fund contribution model. The proposed timetable for delivery of the plan to Legislative Council is the week of December 10, 2012.

For further description of the Town's pension plans, see Appendix A - "Auditor's Section, Notes to Financial Statements, Note 9" herein.

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 September 1, 2010 the Town's plan consisted of 1,059 retirees and 1,192 active plan members. 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 2008-09, 2009-10 and 2010-11, the Town's pay-as-you-go cost was \$28,013,158 \$28,320,858, and \$30,937,360 respectively. The Town's pay-as-you-go cost for fiscal year 2011-12 will be calculated during the 2011-12 audit based on actual claims experience. The Town has not set up an OPEB trust fund.

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>
6/30/11	\$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) Overfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
07/01/08 ..	\$-	\$366,234,442	\$366,234,442	-	n/a	n/a
07/01/09 ..	-	344,724,721	344,724,721	-	n/a	n/a

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 Continuing Disclosure Agreements with respect to the Bonds and Notes, substantially in the forms attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreements"). The Underwriters' obligation to purchase the Bonds and Notes shall be conditioned upon their receiving, at or prior to the delivery of the Bonds and Notes, an executed copy of the respective 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 year 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 Underwriters will be furnished with the following:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or Notes 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 and Note Purchase Agreement are 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. Receipts for the purchase price of the Bonds and Notes.
4. The approving opinions of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut for the Bonds and Notes in substantially the forms attached hereto as Appendix B.
5. Executed Continuing Disclosure Agreements for the Bonds and Notes substantially in the form attached hereto as Appendix C.
6. Any other documents required by the Bond and Note Purchase Agreement.

The Town of Hamden has prepared this Official Statement for the Bonds and Notes which is dated August 7, 2012. 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 Underwriters a reasonable number of copies of the Official Statement within seven business days of the signing of the Bond and Note Purchase Agreement.

A record of the proceedings taken by the Town in authorizing the Bonds and Notes 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 and Notes 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 August 7, 2012

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, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Hamden, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Fund, which represents 96% of the current assets and 98% of the revenues of the fiduciary funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Fund, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Financial Statements of the Pension Trust Fund were not audited in accordance with "Governmental Auditing Standards". An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hamden, Connecticut as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with "Government Auditing Standards," we have also issued our report dated December 28, 2011 on our consideration of the Town of Hamden, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information and the pension plan and other postemployment benefit plan schedules of funding progress and schedules of employer contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary details and the supplemental combining and nonmajor fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary details, combining and individual nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

New Haven, Connecticut
December 28, 2011

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

Our discussion and analysis of the financial performance of the Town of Hamden, Connecticut, provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Town's financial statements that follow this section.

Financial Highlights

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The Town of Hamden maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Memorial Town Hall Fund. Data from the other governmental funds are combined into a single, aggregated presentation as Nonmajor Governmental Funds.

The Town of Hamden adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the authorized budget. The statement of revenues and expenditures on a budgetary basis can be found on page 53. This information is reported as required supplementary information.

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town's constituency. The Town has one pension trust fund, three private purpose trust funds and three agency funds. The basic fiduciary fund financial statements can be found on pages 19-20.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21–52 of this report.

Required Supplementary Information

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. Town of Hamden governmental activities liabilities exceeded assets by \$122,862,604 on June 30, 2011. The growth in the deficit from FY2010 to FY2011 concerns primarily liabilities associated with pension and other post-employment benefits.

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

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

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

Town of Hamden, Connecticut
Statement of Activities

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

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

Governmental Activities

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

Major revenue factors included:

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

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

Major expense factors include:

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

Financial Analysis of the Government's Funds

As noted earlier, the Town of Hamden uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Hamden's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Hamden's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Hamden. At the end of the current fiscal year, the fund balance of the general fund was \$557,564.

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

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

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

The deficit of the Internal Service Funds at the end of the year was \$8,441,016, a decrease in deficit of \$6,452,161 over the prior year due to lower claims expense.

General Fund Budgetary Highlights

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

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

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

Major contributors were:

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

Capital Assets and Debt Administration

Capital Assets. The Town of Hamden's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$383 million on a gross basis and \$247 million net of accumulated depreciation. This investment in capital assets includes land, buildings, land improvements, machinery and equipment, park facilities, roads and bridges.

Town of Hamden, Connecticut		
Capital Assets Net of Depreciation		
	June 30, 2011	June 30, 2010
Governmental funds capital assets:		
Land	\$ 18,281,108	\$ 18,281,108
Land improvements	16,222,618	14,889,500
Buildings and improvements	152,691,304	155,907,051
Machinery and equipment	3,609,803	2,977,283
Infrastructure	29,988,878	33,641,421
Construction in progress	26,169,381	11,318,649
Total	\$ 246,963,092	\$ 237,015,012

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

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

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

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

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

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

Economic Factors and 2011/2012 Budgeting Information

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

FY 2010/2011

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

FY 2011/2012

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

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

Requests for Information

This financial report is designed to provide a general overview of the Town of Hamden's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Hamden Government Center, 2750 Dixwell Avenue, Hamden, Connecticut 06518.

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Basic Financial Statements

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF NET ASSETS (DEFICIT)

June 30, 2011

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

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

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

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

TOWN OF HAMDEN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

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

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

Capital assets, net of accumulated depreciation of \$136,460,691, purchased by governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the town as a whole.	246,963,092
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenues in the funds.	11,700,316
Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(8,441,016)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(373,478,468)
Accrued interest payable	(1,807,205)
Net assets (deficit) of governmental activities	\$ (122,862,604)

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2011

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

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

TOWN OF HAMDEN, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

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

Net change in fund balances (deficits) – total governmental funds \$ 14,160,410

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 9,948,080

Net change in previously recognized revenues in the statement of activities. (1,120,462)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (33,471,310)

Changes in expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds until they are paid. (33,604,133)

Internal Service Funds, the net revenue (expense) of internal service funds is reported with governmental activities. 6,452,161

Change in net assets (deficits) of governmental activities \$ (37,635,254)

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF NET ASSETS (DEFICIT) - PROPRIETARY FUNDS

June 30, 2011

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

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICIT) -
PROPRIETARY FUNDS

For the Year Ended June 30, 2011

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

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2011

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

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2011

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

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

TOWN OF HAMDEN, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

For the Year Ended June 30, 2011

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Significant Accounting Policies

Reporting entity

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

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

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

Government-wide and fund financial statements

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

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

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

Measurement focus, basis of accounting, and financial statement presentation

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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

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

The Town reports the following major governmental funds:

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

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

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

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

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

Additionally, the government reports the following fund types:

Fiduciary Funds:

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Proprietary Funds:

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

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

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

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

Pension plan accounting

Pension Trust Fund:

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

Governmental Funds:

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

Funding Policy:

The Town makes contributions at the discretion of management.

Net other post-employment benefit obligations

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Accounting estimates

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

Property taxes

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

Encumbrances

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

Cash equivalents

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

Investments

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

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

Allowance for doubtful accounts

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

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

more than \$10,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

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

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

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

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

Long-term obligations

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

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

Risks and uncertainties

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Net assets

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

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

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

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

Fund Balance

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

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

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

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

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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

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

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

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

Note 3. Cash, Cash Equivalents and Investments

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

Investments: The Town and the Pension Trust Fund do not have a custodial credit risk policy for investments. They also do not have a credit risk policy, however, it is their practice to use State statutes. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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

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

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

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2011, approximately \$35,527,000 of the Town's bank balance of approximately \$36,782,000 was uninsured and uncollateralized.

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

Cash and Cash Equivalents

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

Investments

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

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

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

Statement of Net Assets

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

Summary of Investments	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Greater Than 10 Years
Pooled fixed income	\$ 75,385	\$ 75,385	\$ -	\$ -	\$ -
U.S. Government Agency Securities	4,873,393	-	-	-	4,873,393
U.S. Government Securities	6,864,229	-	3,027,648	1,926,529	1,910,052
Corporate and Other Bonds	8,509,580	458,012	1,915,916	2,143,918	3,991,734
TOTAL	\$ 20,322,587	\$ 533,397	\$ 4,943,564	\$ 4,070,447	\$ 10,775,179

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

Average Rating	Corporate and Other Bonds	U.S. Government Agency Securities	Pooled Fixed Income
AAA	\$ 496,205	\$ 4,873,393	\$ 75,385
AA+	85,513	-	-
AA-	196,438	-	-
A+	246,202	-	-
A	847,691	-	-
A-	757,780	-	-
BBB+	948,763	-	-
BBB	777,617	-	-
BBB-	991,664	-	-
Unrated	3,161,707	-	-
	\$ 8,509,580	\$ 4,873,393	\$ 75,385

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

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

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

Note 4. Interfund Receivables, Payables and Transfers

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

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

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

Note 5. Capital Assets

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

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

Note 6. Unearned Revenue/Deferred Revenue

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 7. Bond Anticipation Notes Payable and Subsequent Event

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

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

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

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

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

Subsequent event

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 8. Long-Term Obligations

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

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

General obligation bonds

As of June 30, 2011, the outstanding general obligation bonded indebtedness of the Town was as follows:

	Outstanding Amount
School bonds with interest rates ranging from 2.10% to 6.0% and varying expiration dates ranging from March 2006 to July 2030.	\$ 50,454,154
General bonds with interest rates ranging from 2.70% to 6.0% and varying expiration dates ranging from March 2006 to July 2030.	43,840,846
Total general obligation bonds	\$ 94,295,000

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

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

Bonds authorized but unissued

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Legal debt limit

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

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

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

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of such reimbursement for the year ended June 30, 2011 was approximately \$2,096,000. Additional payments for principal and interest aggregating approximately \$9,439,000 are to be received through the bonds' maturity dates.

Conduit Debt

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

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

Capital lease obligations

The Town has various capital leases in which they acquire capital assets. Interest rates on these leases range from 3.0% to 6.0%. The capital leases are for various computer equipment and vehicles. The leases are payable in monthly installments through 2014. Original cost of capital assets under such lease agreements are approximately \$2,992,504 with accumulated depreciation of \$2,445,023.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

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

Accrued liabilities, primarily compensated absences

In accordance with GASB No. 16, Accounting for Compensated Absences, the Town accrues compensated absences as they are earned by employees if the leave is attributable to past service and it is probable that the employer will compensate the employee by cash payments at termination or retirement. The amount of this estimated obligation at June 30, 2011 is recorded in the government-wide statements since the benefits are to be funded from future financial resources and will be paid from the General Fund.

Note 9. Employee Retirement Systems

Town Plan

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

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

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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

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

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

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

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

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

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

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

Three Year Trend Information:

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

Schedule of Funding Progress

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

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

Actuarial assumptions are as follows:

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

Connecticut Municipal Employee's Retirement System

A. Plan Description

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

B. Plan Provisions

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

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

C. Funding Policy

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

The required and actual contribution were as follows:

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

Connecticut State Teachers' Retirement System

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

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

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

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$6,719,000 for the year ended June 30, 2011.

Other post-employment benefits

The Town provides post-employment benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2009. The post-employment plan does not issue stand-alone financial reports.

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

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Entry Age Normal Method. For fiscal year 2011, the Town contributions were \$12,330,071 were made on a pay-as-you-go basis.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

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

OPEB Obligation

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

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2009 is \$344,724,721.

Three Year Trend Information

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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

Valuation Date:	July 1, 2009
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	N/A
Amortization Method:	Level Payments
Remaining Amortization Period:	26 Years
Actuarial Assumptions:	
Investment Rate of Return:	4.0%
Inflation Rate:	N/A
Medical Trend Rate:	9.25% graded to 5% at a rate of .75% per year over 7 years
Prescription Drug Trend:	10.25% graded to 5% at a rate of .75% per year over 7 years
Dental Cost Trend Rate:	5%
Vision Cost Trend Rate:	3%

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Note 10. Fund Deficits

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

Capital Projects Funds:

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

Special Revenue Funds:

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

Internal Service Funds:

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

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

Note 11. Contingencies and Commitments

Lawsuits

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

Environmental Contingency

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

The Town has recorded a long-term liability of \$4.5 million dollars to recognize the costs of the consent order. DEP released its final remediation standards plan in October 2007 and anticipates finalizing engineering plans in 2012.

Landfill post-closure monitoring

State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for thirty years after closure, which was 1991. The liability for the landfill post-closure care, aggregating \$196,000, is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfills as of June 30, 2011. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

Municipal solid waste disposal contract

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

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

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

Note 12. Risk Management

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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

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

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

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 13. Fund Balances

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

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

Note 14. Accounting Change/Reclassification

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Note 15. Governmental Accounting Standards Board (GASB) Statements

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

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

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

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

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

**Required Supplementary
Information**

TOWN OF HAMDEN, CONNECTICUT

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

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

See Notes to Required Supplementary Information.

TOWN OF HAMDEN, CONNECTICUT

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

A reconciliation of General Fund budgetary basis is as follows:

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

See Notes to Required Supplementary Information.

TOWN OF HAMDEN, CONNECTICUT

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

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

TOWN OF HAMDEN, CONNECTICUT

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

Schedule of Funding Progress - OPEB

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

Schedule of Employer Contributions-OPEB

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

TOWN OF HAMDEN, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2011

Note 1. Budgets and Budgetary Accounting

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

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

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

Special revenue funds

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, Continued
June 30, 2011

Capital project funds

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

APPENDIX B - FORMS OF OPINIONS OF BOND COUNSEL

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FORM OF OPINION OF BOND COUNSEL

August 23, 2012

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 August 23, 2012 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$24,705,000 Town of Hamden, Connecticut General Obligation Bonds, Issue of 2012, dated August 23, 2012 (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>
2013	\$1,240,000	3.000%	2021	\$1,235,000	4.000%
2014	1,235,000	3.000	2022	1,235,000	5.000
2015	1,235,000	3.000	2023	1,235,000	3.000
2016	1,235,000	4.000	2024	1,235,000	3.125
2017	1,235,000	4.000	2025	1,235,000	3.250
2018	1,235,000	2.500	2026	1,235,000	5.000
2019	1,235,000	2.000	2027	1,235,000	5.000
2020	1,235,000	4.000	2032	6,175,000	3.750

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 July and January 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.

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

FORM OF OPINION OF BOND COUNSEL

August 23, 2012

Town of Hamden
Hamden, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of Hamden, Connecticut (the "Town") and other proofs submitted to us relative to the issuance and sale of \$480,000 Town of Hamden, Connecticut General Obligation Bond Anticipation Notes (Taxable), dated August 23, 2012 and maturing August 22, 2013, consisting of Note R-1 in the aggregate principal amount of \$480,000, bearing interest at the rate of 3.000% per annum, with principal and interest payable at maturity (the "Notes"). The Notes are not subject to redemption prior to maturity.

The Notes 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 Notes. So long as DTC or its nominee is the registered owner, principal and interest payments on the Notes 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 Notes, 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 Notes under authority of the Constitution and General Statutes of Connecticut and that the Notes 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.

In our opinion, under existing statutes, interest on the Notes is includable in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

We are further of the opinion that, under existing statutes, interest on the Notes 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 Notes.

The rights of owners of the Notes and the enforceability of the Notes 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 AGREEMENTS

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FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of Hamden, Connecticut
\$24,705,000 General Obligation Bonds, Issue of 2012

August 23, 2012

WHEREAS, the Town of Hamden, Connecticut (the "Town") has heretofore authorized the issuance of \$24,705,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2012, dated August 23, 2012, (the "Bonds"), and to mature on the dates and in the amounts and set forth in the Town's Official Statement dated August 7, 2012, describing the Bonds (the "Official Statement"); and

WHEREAS, the Bonds have been sold by a negotiated sale pursuant to a Bond and Note Purchase Agreement, dated August 7, 2012 (the "Purchase Agreement"); and

WHEREAS, in the 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

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of Hamden, Connecticut
\$480,000 General Obligation Bond Anticipation Notes (Taxable)

August 23, 2012

WHEREAS, the Town of Hamden, Connecticut (the "Town") has heretofore authorized the issuance of \$480,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes (Taxable), dated August 23, 2012 (the "Notes"), and to mature on the dates and in the amounts and set forth in the Town's Official Statement dated August 7, 2012 describing the Notes (the "Official Statement"); and

WHEREAS, the Notes have been sold by a negotiated sale pursuant to a Bond and Note Purchase Agreement, dated August 7, 2012 (the "Purchase Agreement"); and

WHEREAS, in the Purchase Agreement, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Notes unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Notes 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 Notes 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 Notes to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Notes 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 Notes and to be described in the Official Statement, all for the benefit of the beneficial owners of the Notes, 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:

"Listed Events" shall mean any of the events listed in Section 2 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. 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 Notes, or other material events affecting the tax status of the Notes;
- (vii) modifications to rights of Noteholders, if material;
- (viii) Note calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Notes, 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 3. 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 Notes.

Section 4. 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 5. 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 Notes 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 6. 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 providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to disseminate any other information 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 provide such information or notice of the occurrence of such event in the future.

Section 7. 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 8. 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 Notes. 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 Notes of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Notes 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 Notes.

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

TOWN OF HAMDEN, CONNECTICUT

\$24,705,000 GENERAL OBLIGATION BONDS, ISSUE OF 2012

\$480,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES (TAXABLE)

