OFFICIAL STATEMENT DATED JULY 9, 2008

New Issue **Rating: Standard & Poor's ..... AA**

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; the Bonds are "qualified tax-exempt obligations"; interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds 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 Appendix B – "Opinion of Bond Counsel and Tax Exemption" herein.

TOWN OF HEBRON, CONNECTICUT
$4,300,000 GENERAL OBLIGATION BONDS, ISSUE OF 2008
BOOK-ENTRY-ONLY

Dated: July 15, 2008 **Due: Serially, July 15, 2009–2023, as shown below**

Due	Amount	Interest Rate	Yield	CUSIP Number	Due	Amount	Interest Rate	Yield	CUSIP Number
2009	$290,000	3.250%	1.650%	422542GU8	2017	$285,000	3.750%	3.570%	422542HC7
2010	290,000	3.250	2.380	422542GV6	2018	285,000	3.750	3.680	422542HD5
2011	290,000	3.250	2.730	422542GW4	2019	285,000	4.000	3.800[1]	422542HE3
2012	290,000	3.200	2.970	422542GX2	2020	285,000	4.000	3.920[1]	422542HF0
2013	290,000	3.250	3.080	422542GY0	2021	285,000	4.000	4.000	422542HG8
2014	285,000	3.500	3.210	422542GZ7	2022	285,000	4.000	4.030	422542HH6
2015	285,000	3.500	3.320	422542HA1	2023	285,000	4.000	4.050	422542HJ2
2016	285,000	3.500	3.450	422542HB9					

[1] Priced assuming redemption on July 15, 2018; however, any such redemption is at the optional election of the Town.

Interest on the Bonds will be payable semiannually on the fifteenth day of January and July of each year, commencing January 15, 2009. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in 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 <u>are</u> subject to redemption prior to maturity as more fully described herein. See "Optional Redemption" herein.

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that the delivery of the Bonds in definitive form will be made on or about July 17, 2008 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.

EASTERN BANK

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TABLE OF CONTENTS

	Page #
Issue Summary	3
Introduction	5
SECTION I – SECURITIES OFFERED	
Description of the Bonds	6
Authorization and Purpose	6
Use of Proceeds	6
Optional Redemption	6
Rating	7
Credit Enhancement	7
Security and Remedies	7
Qualification for Financial Institutions	8
Book-Entry-Only System	8
DTC Practices	10
SECTION II – THE ISSUER	
Description of the Town	11
Economic Development	11
Government Organization	12
Principal Municipal Officials	12
Summary of Municipal Services	12
Educational System	14
School Facilities	14
School Enrollments	15
Principal Public Facilities	15
Municipal Employees	15
Municipal Employees Bargaining Organizations	16
SECTION III – DEMOGRAPHIC AND ECONOMIC DATA SECTION	
Population Trends and Densities	17
Age Distribution of the Population	17
Comparative Income Measures	17
Income Distribution	18
Educational Attainment	18
Labor Force Data	18
Industry Classification	19
Commute to Work	19
Major Employers	20
Number and Value of Building Permits	20
Age Distribution of Housing	21
Housing Units by Type of Structure	21
Owner-occupied Housing Units	21
Number and Size of Households	22
Housing Unit Vacancy Rates	22

Page #

SECTION IV - DEBT SECTION

Debt Summary 23
Overlapping/Underlying Debt 23
Bonded Debt Maturity Schedule 25
Statement of Statutory Debt Limitation 26
Current Debt Statement 27
Current Debt Ratios 27
Five-Year Debt Statement Summary 28
Five-Year Debt Statement Summary Ratios 28
Comparison of Annual Debt Service to General Fund Expenditures 28
Authorized-but-Unissued Debt 29
Authority to Incur Debt 29

SECTION V - FINANCIAL SECTION

Taxable Grand List 30
Major Taxpayers 30
Tax Collections 30
Property Taxes Uncollected 31
Significant Accounting Policies and Basis of Accounting 31
Capital Improvement Program 31
Financial Statements and Schedules 32
Comparative Balance Sheets - General Fund 32
General Fund Revenues and Expenditures 33
Intergovernmental Revenues as a Percent of General Fund Revenues 34
Assessment Practices 34
Annual Audit 34
Tax Levy and Collection 35
Pension Plans 35
Other Post-Employment Benefits 36
Investment Policy 36
Risk Management 36

SECTION VI - ADDITIONAL INFORMATION

Litigation 37
Continuing Disclosure 37
Documents to Be Furnished at Closing 37
Concluding Statement 38

APPENDICES

Appendix A - Audited Financial Statements A-1
Appendix B - Opinion of Bond Counsel and Tax Exemption B-1
Appendix C - Form of Continuing Disclosure Agreement for Bonds C-1
Appendix D - Notice of Sale D-1

Issue Summary

The information in this section and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. This Official Statement speaks only as of its date and the information herein is subject to change.

Issuer:	Town of Hebron, Connecticut (the "Town")
Issue:	$4,300,000 General Obligation Bonds, Issue of 2008, book-entry only (the "Bonds")
Financial Advisor:	Webster Bank, National Association, Hartford, Connecticut
Date of Sale:	Sealed bids and electronic bids via PARITY® for the Bonds will be received on Wednesday, July 9, 2008 until 11:30 A.M. (E.D.T.) at Webster Bank, National Association, CityPlace II, 3rd Floor Conference Room, Hartford, Connecticut 06103.
Dated Date:	July 15, 2008
Interest Due:	Each January 15 and July 15, commencing January 15, 2009
Principal Due:	Serially, July 15, 2009 through July 15, 2023, as detailed in this Official Statement
Purpose:	The proceeds of this issue are being used to fund the development of recreational facilities at various properties in Town. See "Authorization and Purpose" herein.
Redemption:	The Bonds **are** subject to redemption prior to maturity as more fully discussed herein. (See "Optional Redemption" herein.)
Security:	The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.
Bank Qualification:	The Bonds **will** 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 certain interest expense allocable to the Bonds.
Credit Rating:	See "Rating" herein.
Bond Insurance:	Applications to insurance companies have been made under the optional purchase method.
Basis of Award:	Lowest True Interest Cost ("TIC"), as of the dated date
Tax Exemption:	See Appendix B – "Opinion of Bond Counsel and Tax Exemption" herein.
Certifying Agent, Registrar, Transfer Agent and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103
Legal Opinion:	Day Pitney LLP of Hartford, Connecticut, will act as Bond Counsel.

Delivery and Payment: It is expected that delivery of the Bonds in book-entry-only form to The Depository Trust Company will be made on or about July 17, 2008 in New York, New York against payment in **Federal Funds**.

Final Official Statement: This Official Statement is in a form "deemed final" by the Town for the purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment.

Availability of Continuing Information: 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, notices of material events and notices of a failure to provide required information with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.

For additional copies of the Official Statement or requests for additional information, please contact:

Christine R. Caruolo
Assistant Vice President
Webster Bank, National Association
CityPlace II
185 Asylum Street
Hartford, CT 06103

Telephone (860) 692-1711

Michael S. Hillsberg
Finance Director/Treasurer
Town of Hebron
Town Office Building
15 Gilead Street
Hebron, CT 06248

Telephone (860) 228-5971

Introduction

The purpose of this Official Statement is to provide certain financial information and economic and demographic data relevant to the Town of Hebron, Connecticut (the "Town") in connection with the sale of $4,300,000 General Obligation Bonds, Issue of 2008 (the "Bonds"), of the Town.

The Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman, or any other person has been authorized by the Town to give any information or make any representations, other than those contained herein, in connection with the offering of these Bonds, and, if given or made, such information or representations 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 from and summaries and explanations of provisions of statutes or other laws and acts and proceedings of the Town contained herein do not purport to be complete, and reference is made to said statutes or other laws and acts and proceedings of the Town for full and complete statements of their provisions.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

The information in this Official Statement has been prepared by the Town's financial advisor, Webster Bank, National Association (the "Bank"), from information supplied by the Town's officials and other sources as indicated. The Bank 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 Bank has been entered into to conform to Municipal Securities Rulemaking Board ("MSRB") Rule G-23. Under the agreement in which the Bank is acting as Financial Advisor, the Bank has reserved the right to bid on the acquisition of or to participate in the Bond issue or other issues covered by the agreement. The Town has consented to the Bank's bidding on this issue in compliance with MSRB Rule G-23(d)(ii).

U.S. Bank National Association, of Hartford, Connecticut will act as Certifying Agent, Registrar, Transfer Agent, and Paying Agent for the Bonds.

Set forth in Appendix A - "Audited Financial Statements" hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

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 herein), and it makes no representation that it has independently verified the same.

SECTION I - SECURITIES OFFERED

Description of the Bonds

The Bonds are being offered for sale at public bidding. A Notice of Sale for Bonds dated June 25, 2008, a copy of which appears as Appendix D, has been furnished to prospective bidders. Reference is made to the Notice of Sale for Bonds for the terms and conditions of the bidding.

The Bonds will be dated July 15, 2008 and will mature on July 15 of the years and in the principal amounts as follows:

Due July 15	Principal Amount	Due July 15	Principal Amount
2009	$290,000	2017	$285,000
2010	290,000	2018	285,000
2011	290,000	2019	285,000
2012	290,000	2020	285,000
2013	290,000	2021	285,000
2014	285,000	2022	285,000
2015	285,000	2023	285,000
2016	285,000		

Interest on the Bonds will be payable semiannually on the fifteenth day of January and July of each year, commencing January 15, 2009. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the last business day of December and June 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, the Paying Agent and the Town shall agree. Principal will be payable at the principal office of U.S. Bank National Association, as Paying Agent.

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

Authorization and Purpose

$4,300,000: Bonds are being issued pursuant to an appropriation and borrowing authorization of $4,494,000 adopted at referendum on September 25, 2007 to fund the development of recreational facilities at the East Street Park, Hebron Elementary School, Gilead Hill School, Old Colchester Road Fields, and Church Street property, which was acquired by the Town in March 2004 from the State of Connecticut.

Use of Proceeds

Project	Amount Authorized	Previously Bonded	Notes Maturing	This Issue
Recreational facilities	$4,494,000	$-	$-	$4,300,000

Optional Redemption

The Bonds maturing on or before July 15, 2018 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2019 or thereafter are subject to redemption prior to maturity, at the option of the Town, on or after July 15, 2018, either in whole or in part, at any time, in such order of maturity and in such amounts as the Town may determine, and by lot within a maturity, at the redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

Period During Which Redeemed	Redemption Price
July 15, 2018 and thereafter	100.0%

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty days prior to the date fixed for redemption to the registered owner of any Bonds designated for redemption in whole or in part, at the address of such registered owner as the same shall last appear on the registration books for the Bonds. 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 Bonds 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 Direct Participant, or of any Direct 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 Direct Participants in the Bonds to be redeemed, the interests to be reduced by such redemption in accordance with its own rules or other agreements with Direct Participants. The Direct 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.

Rating

On June 24, 2008 Standard & Poor's assigned a rating of AA to the Bonds. Such rating reflects only the view of the rating agency, and any explanation of the significance of such rating should be obtained from the rating agency. There can be no assurance that the rating will continue for any given period of time or that the rating will not be lowered or withdrawn entirely by the rating agency. Any such downward change or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town's outstanding debt obligations.

Credit Enhancement

The Town does not expect to direct purchase credit enhancement to provide for the payment of the principal of or interest on the Bonds.

Security and Remedies

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

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

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

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

The Town is subject to suit on its general obligation bonds and notes, and a court of competent jurisdiction has the 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 therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws, as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. 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 any other political subdivision of the State having the power to levy taxes and issue bonds, notes or other obligations.

Qualification for Financial Institutions

The Bonds **will** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Book-Entry-Only System

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

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

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

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

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

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

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

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

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

Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

SECTION II - THE ISSUER

Description of the Town

Hebron covers an area of 36.9 square miles and is 20 miles southeast of Hartford. Its location is within the suburban fringe of the Hartford metropolitan area. Incorporated in 1708, the Town is bounded on the east by Columbia, the southeast by Lebanon, the south by Colchester, the west by Marlborough and Glastonbury, the north by Bolton and the northeast by Andover. The Town is traversed by Connecticut Routes 66 and 85. Within Town limits are Amston, once a thriving mill area, and Gilead, which grew up around the Congregational Church founded there in 1748.

Both the Salmon River State Forest and the Gay City State Park are located in Hebron. Salmon River contains opportunities for hiking and fishing and includes the Holbrook Pond Facility where boating and fishing are permitted. Gay City, situated on the Bolton town line, contains hiking trails, picnicking facilities, cross-country skiing and a beach for swimming.

The Town is home to two major golf courses, Blackledge Country Club and Tallwood Country Club. Blackledge was founded in 1963 and is a 36 hole course with two layouts. Its golf shop was recognized by *Golf Shop Operations Magazine* as one of America's "100 Best Pro Shops." In the off-season, the club offers cross-country skiing, snow-shoeing, and ice skating on the 300-acre property. The Tavern at Blackledge is a full-service restaurant and bar, open to the public year round. Tallwood Country Club has been in business since 1970 and operates as an 18-hole course.

The Hebron Harvest Fair, held the first weekend in September, is a country agricultural fair sponsored by the Hebron Lions Club. The Fair features animal displays, various types of food, animal pulls, truck pulls, country music, carnival midway, and vendors. Many famous musicians have performed here, such as Charlie Daniels, Kenny Chesney, Michelle Wright, Pirates of the Mississippi, Shenandoah and Ricky Skaggs. The Fair has grown to be the third largest in the State of Connecticut, with over 250,000 visitors flocking to the Town each year.

The Hebron Maple Festival is held annually on the second weekend of March. The Town's five active sugar houses (Hope Valley Sugar House, Pierce's Sugar House, Wenzel Sugar House, Woody Acres Sugar House, and Winding Brook Sugar House) give tours, demonstrations and tastings of the maple products sold. The festival has received national acclaim from *Yankee Magazine* and attracts visitors from around the Northeast.

Economic Development

Hebron's Central Business District has a full range of support services for the business community including legal, accounting, banking, real estate, word processing, internet, public relations, marketing and other professional services. A full-service post office and state-of-the art library are set in the central business corridor. A carefully structured Town Plan of Development and zoning regulations have created a unique environment for future residential and business growth within Hebron. The Town's central business district is expanding with the rezoning of an additional 150 acres for an innovative mixed-use business district.

The Town has a tax abatement plan, which was formulated by the Hebron Economic Development Commission in order to encourage businesses to expand or move to Hebron. The plan follows state guidelines and allows businesses to qualify for a two-year tax abatement with a $500,000 investment and a seven-year abatement with a $3 million investment. Companies must apply in advance and must meet certain conditions, such as be non-polluting with minimal impact on the Town's rural character. Likely candidates include corporate headquarters, corporate satellite offices, campus-style office development, research and development facilities, light manufacturing and other multi-use facilities. The Board of Selectmen has some flexibility in granting abatements on a case-by-case basis.

Government Organization

The Town adopted a charter in 1988, effective as of November 21, 1989. The charter was amended on November 5, 1996 and again on November 4, 2003. The charter retains a Town Meeting form of government, with an elected five-member Board of Selectmen serving overlapping four-year terms and a six-member Board of Finance serving overlapping four-year terms. A Town Manager, appointed by the Board of Selectmen, acts as the chief executive and chief administrative officer of the Town and is responsible to the Board of Selectmen for the administration of all departments and agencies with elected heads or members. The Town Manager has the authority to appoint various officers, including a Finance Director who, among other duties, acts as the Town Treasurer and the agent of all Town funds.

Principal Municipal Officials

Office	Name	Manner of Selection/Term	Years of Service
Town Manager	Jared S.A. Clark	Appointed/indefinite	2 years
Chairman of Board of Selectmen	Vacant	Elected/4 years	N/A
Vice-Chairman of Board of Selectmen	Gayle Mulligan	Elected/4 years	1 year
Selectman	Mark Stuart	Elected/4 years	3 years
Selectman	Brian O'Connell	Elected/4 years	1 year
Selectman	Jeffrey Watt	Elected/4 years	1 year
Finance Director/Treasurer	Michael S. Hillsberg	Appointed/indefinite	6 years
Chairman, Board of Finance	Michael Hazel	Elected/4 years	2 years
Chairman, Board of Education	Jane Dube	Elected/4 years	4 years
Tax Collector	Adrian MacLean	Appointed/indefinite	1 year
Assessor	Robert Musson	Appointed/indefinite	17 years
Superintendent of Schools	Eleanor S. Cruz	Appointed/indefinite	3 years

Summary of Municipal Services

Police: The Hebron Police Department has a staff of six, consisting of two full-time Resident State Troopers and six part-time constables. The department is under the direction of the Connecticut State Police, and between the State Police and the Town department, the citizens of Hebron receive 24-hour service.

Fire/Emergency: 91 firefighters and emergency medical technicians, including 89 volunteers and two career personnel, provide fire protection and basic life support. The department, headed by the chief, consists of a central headquarters and two additional stations. The department has one emergency ambulance and one heavy-duty rescue truck. Other apparatus include three engine tankers, one engine, one fire brush vehicle, water/ice rescue boats, an ATV and a multi-purpose service truck. Paramedics dispatched from the Marlborough Middlesex Hospital Clinic, Windham Hospital or the Ambulance Service of Manchester also provide advanced life support through a pre-arranged format. Life Star Helicopter, an air ambulance based out of Hartford Hospital, provides services as well.

Highway Department: The Highway Department's goal is to keep the Town's infrastructure intact by performing all the basic maintenance as well as new construction of the Town's drainage and sidewalks. With its staff of 13 full-time workers and one superintendent, the department also repairs and maintains Town buildings.

Solid Waste: The Town has executed a service contract (the "Service Contract") with the Connecticut Resources Recovery Authority (the "Authority") for the disposal of solid waste through the Mid-Connecticut System (the "System"). The Service Contract became effective upon execution and will remain in effect so long as any bonds issued by the Authority remain outstanding, provided the last installment of principal on any bond shall become due no later than 30 years from the effective date of the Service Contract. The System began commercial operations on October 26, 1988. Barring any interim extensions, the Town's contract with the Authority runs through November 15, 2012.

Each municipality signing a Service Contract, including the Town, has agreed to cause to be delivered to the Mid-Connecticut System all of the solid waste under the legal control of the municipality. The Authority is required to impose service payments at a uniform rate per ton for all municipalities. The tipping fees are $72.00 per ton for solid waste for the fiscal year 2008-09. If the municipality delivers less than its minimum commitment as defined in the Service Contract, such rates shall be applied to the minimum commitment amount. The Town's minimum commitment is 2,500 tons per year.

The Authority is required to accept and dispose of solid waste in accordance with the Service Contract and with acceptable business standards. Each municipality retains the responsibility for the collections, disposal and treatment of solid waste that does not meet the requirements of or that the Authority refuses or is unable to accept under the Service Contract.

The Authority is required to calculate and impose service payments for all solid waste accepted at the System, such that the aggregate of all such service payments received by the Authority shall be sufficient to pay for the net cost of operation of the System as defined in the Service Contract. The Authority is required to submit bills to the participation municipalities on or before the fifteenth day following the end of a billing period. Municipalities are required to pay Service Payments within 30 days of the date of invoice.

Not less than 120 days prior to the commencement of each Contract Year (as defined in the Service Contract) the Authority will estimate (i) the service payments to be paid by each municipality for such Contract Year and (ii) the Annual Budget for the System and will submit such information to each municipality. Each municipality is then required to make all provisions necessary to pay the service payments on a timely basis. The service payments remain in effect for the Contract Year with differences between the aggregate of all such service payments and the net cost of operation for each Contract Year being settled in the following Contract Year. A municipality is obligated to make service payments only if the Authority accepts solid waste delivered by the municipality.

All municipalities, including the Town, pledge their full faith and credit for the payment of all service payments and any delayed-payment charges and costs and expenses of the Authority and its representatives in collecting overdue service payments. Each municipality agrees that its obligation to make any such service payments and other such payments, in the amounts and at the times specified in the Service Contract, whether to the Authority or the trustee, shall be absolute and unconditional, shall not be subject to any setoff, counterclaim, recoupment, defense (other than payment itself) or other right that the municipality may have against the Authority, the trustee or any other person for any reason whatsoever, shall not be affected by any defect in title, compliance with the plans and specifications, condition, design, fitness for use of, or damage to or loss or destruction of, the System or any part thereof and, so long as the Authority shall accept solid waste delivered by the municipalities pursuant to the Service Contract, shall not be affected by any interruption or cessation in the possession, use or operation of the System or any part thereof by the Authority or the operator of the System for any reason whatever.

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

In the event of any dispute as to any portion of any bill, the disputing municipality will nevertheless pay the full amount of the disputed charges when due and will, within 30 days from the date of the disputed bill, give written notice of the dispute to the Authority. The dispute will then be resolved under the dispute resolution provisions of the Service Contract.

Parks and Recreation: The Town offers activities that include Adult and Youth Programs, outdoor summer concerts, tennis lessons, Youth Basketball Program, bus trips and others. Additional programs consist of a summer pre-school camp and a before- and after-school program. In addition to these activities, Town properties and facilities include several parks, athletic fields, tennis courts and a skate park.

Veterans' Memorial Park is a Town-owned 17-acre parcel, located on Wall Street. It is the newest park in Hebron and contains a soccer field, two child playscapes, a skateboard park with storage shed, a baseball field, walking trail, rest rooms and concession, outdoor basketball court, and softball field.

Grayville Falls offers both passive and active recreation opportunities such as picnicking, walking, fishing, waterfalls, river, and access to the Air Line State Park Trail. This multi-use trail physically connects Colchester and Lebanon with potential for further expansion.

Other Town recreational areas are located at the two elementary schools, the RHAM regional schools, which are located in Hebron, as well as other small parcels around Town.

Public Safety: The Town combines the Offices of the Fire Marshal, Building Official, Open Burning Officer and the S.A.R.A. Chairman under the Office of Public Safety because of the overlap among each of these positions and their regulation by State Statutes.

Library: In July 2001, the Douglas Library of Hebron became a department of the Town. Staff currently consists of three full-time and twelve part-time employees.

Sewer: The Town is party to an intermunicipal agreement for septage waste disposal. The Town of East Hampton has agreed to accept septage from Hebron and four other towns. East Hampton borrowed $837,000 from the State of Connecticut Clean Water Fund to finance improvements to its plant to accommodate septage from the other towns. Each town is committed to paying a portion of the cost of improvements over a 20-year period. Additionally, operating costs and a utilization fee will also be charged and the agreement may be terminated by either party with notice. The actual amount paid this year for the Town's portion of the improvements was $19,500.

The Town is party to an intermunicipal agreement with the Town of Colchester to install an equalization tank at the Prospect Hill Station and to conduct a sewerage study. The total cost of the equalization tank net of State grants received was $372,709, and the cost of the sewerage study net of State grants received was $11,044. The annual payment is based on the cost divided by twenty years times a percentage of Colchester's annual flow. The total revenue received for the year ended June 30, 2007 was $20,050. The agreement is subject to termination.

Educational System

The Board of Education is the policy-making body for grades kindergarten through six. Grades seven through twelve are governed by Regional School District Number 8, comprising the Towns of Hebron, Andover and Marlborough. A member may withdraw from the district, but such withdrawal does not affect the obligation of the member town to district bondholders.

School Facilities

School	Grades	Date of Construction (Last Remodeled)	Number of Classrooms	Enrollment 10/1/07	Rated Capacity
Gilead Hill	Pre-K-3	1968 (2001)	26	507	665
Hebron Elementary	4-6	1948 (2001)	30	697	725
Total				1,204	

Regional School District Number 8

Regional School District Number 8 was organized in 1957 under provisions of the Connecticut General Statutes, Section 10-45, after the approval by the member towns of Hebron, Andover and Marlborough. Regional Hebron Andover Marlborough ("RHAM") Middle School in Hebron accommodates grades 7 and 8, and RHAM High School in Hebron serves grades 9 through twelve. Each member town maintains and funds its own school district which provides elementary education for grades kindergarten through 6.

Regional School District Number 8 School Facilities

School	Grades	Date of Construction (Last Remodeled)	Number of Classrooms	Enrollment 10/1/07	Rated Capacity
RHAM Middle School	7–8	1980 (2004)	62	644	750
RHAM High School	9–12	2003	84	1,021	1,200
Total				1,665	

School Enrollments

As of October 1	Grades Pre-K–6	Grades 7–8[1]	Grades 9–12[1]	Total
Historical				
2000	985	591	907	2,483
2001	1,040	577	926	2,543
2002	1,093	529	1,000	2,622
2003	1,149	542	1,035	2,726
2004	1,198	536	1,063	2,797
2005	1,244	544	1,091	2,879
2006	1,204	619	1,025	2,848
2007	1,204	644	1,021	2,869
Projected				
2008	1,171	668	1,068	2,907
2009	1,170	658	1,099	2,927
2010	1,165	631	1,183	2,979
2011	1,160	622	1,209	2,991

[1]Includes all students in Regional School District Number 8.

Principal Public Facilities

Facility	Date Constructed	Additions and Renovations	Type of Construction	Planned Major Improvements
Town Office Building	1963	1978, 1983	Brick	None
Fire Station No. 1	1985	1988	Concrete	None
Fire Station No. 2	2005	–	Brick	None
Fire Station No. 3	1970	2000	Concrete	None
Horton House	1850	1991	Wood frame	None
Senior Center	1990	2003	Wood frame	None
Library	1898	1999	Wood/steel	None

Municipal Employees

	2007–08	2006–07	2005–06	2004–05	2003–04
General government	32	31	31	31	31
Board of Education [1]	154	153	151	143	146
Total	186	184	182	174	177

[1] Includes full-time equivalents (does not include part-time personnel).

Municipal Employees Bargaining Organizations

Employees	Bargaining Organizations	Number of Employees	Current Contract Expiration Date
Town of Hebron			
Clerical	American Federation of State and Municipal Employees (AFL-CIO)	9	6/30/09
Public Works	American Federation of State and Municipal Employees (AFL-CIO)	12	6/30/08[1]
Teachers	Hebron Elementary Education Association (CES/NEA)	89	6/30/08[1]
Non-certified	CSEA Inc. Local 760, Chapter 59	55	6/30/09
Regional School District Number 8			
Administrators	Region #8 Administrators Association (CEA/NEA)	6	6/30/11
Teachers	Region #8 Education Association (CEA/NEA)	175	6/30/09
Custodians	American Federation of State and Municipal Employees (AFL-CIO), Local 760	16	6/30/08[1]
Secretaries	American Federation of State and Municipal Employees (AFL-CIO), Local 760	12	6/30/08[1]

[1] In negotiation.

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 an 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 of the parties. 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 municipal entity, 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 the 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 the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SECTION III - DEMOGRAPHIC AND ECONOMIC DATA SECTION

Population Trends and Densities

Year	Population[1]	Percent Change	Density[2]
2006	9,238	7.3	250
2000	8,610	21.6	233
1990	7,079	29.8	192
1980	5,453	42.9	148
1970	3,815	-	103

Sources:[1] U.S. Department of Commerce, Bureau of Census, Census of Population 1970–2000; State of Connecticut Department of Public Health estimate for July 1, 2006.
[2]Population per square mile: 36.9 square miles.

Age Distribution of the Population

	Town of Hebron		State of Connecticut	
Age[1]	Number	Percent	Number	Percent
Under 5 years	231	7.6	223,344	6.6
5 to 19 years	628	20.7	702,358	20.6
20 to 24 years	101	3.3	187,571	5.5
25 to 44 years	1,061	34.9	1,032,689	30.3
45 to 54 years	521	17.2	480,807	14.1
55 to 59 years	151	5.0	176,961	5.2
60 to 64 years	109	3.6	131,652	3.9
65 years and over	234	7.7	470,183	13.8
Total	3,036	100.0	3,405,565	100.0
2000 median age (years)[1]	38.0	-	37.4	-
1990 median age (years)[2]	33.0	-	34.4	-

Sources: [1]U.S. Department of Commerce, Bureau of Census, 2000 Census.
[2]U.S. Department of Commerce, Bureau of Census, 1990 Census.

Comparative Income Measures

	Town of Hebron	State of Connecticut
Per capita income, 1999	$30,797	$28,766
Median family income, 1999	$57,303	$65,521
Median household income, 1999	$80,623	$53,935
Percent below poverty level (families)	0.6%	5.6%

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Income Distribution

	Town of Hebron		State of Connecticut	
	Families	Percent	Families	Percent
$ 0 - 9,999	14	0.6	33,423	3.8
10,000 - 14,999	8	0.3	23,593	2.7
15,000 - 24,999	88	3.6	63,262	7.1
25,000 - 34,999	98	4.0	75,413	8.5
35,000 - 49,999	270	11.0	120,134	13.6
50,000 - 74,999	642	26.1	198,924	22.5
75,000 - 99,999	491	19.9	141,981	16.0
100,000 - 149,999	550	22.4	132,177	14.9
150,000 - 199,999	227	9.2	42,472	4.8
200,000 and over	72	2.9	54,368	6.1
Total	2,460	100.0	885,747	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

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

	Town of Hebron		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade	57	1.0	132,917	5.8
9th to 12th grade, no diploma	294	5.2	234,739	10.2
High school graduate	1,176	20.9	653,300	28.5
Some college, no degree	1,096	19.5	402,741	17.5
Associate's degree	588	10.5	150,926	6.6
Bachelor's degree	1,436	25.5	416,751	18.2
Graduate or professional degree	982	17.4	304,243	13.2
Total	5,629	100.0	2,295,617	100.0
Total high school graduate or higher	-	93.8	-	84.0
Total bachelor's degree or higher	-	43.0	-	31.4

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Labor Force Data

Reporting Period Average	Labor Force	Employed	Unemployed	Unemployment Rate: Town of Hebron	Unemployment Rate: Hartford Labor Market	Unemployment Rate: State of Connecticut
May 2008	5,554	5,358	196	3.5	5.4	5.3
2007	5,525	5,329	196	3.5	4.7	4.6
2006	5,434	5,247	187	3.4	4.5	4.4
2005	5,338	5,133	205	3.8	5.1	4.9
2004	5,218	5,028	190	3.6	5.2	4.9
2003	5,212	5,001	211	4.0	5.8	5.5
2002	5,145	4,983	162	3.1	4.5	4.4
2001	5,094	4,994	100	2.0	3.2	3.1
2000	5,027	4,947	80	1.6	2.3	2.3
1999	4,318	4,205	113	2.6	3.3	3.2
1998	4,215	4,115	100	2.4	3.4	3.4

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

Industry Classification

Sector	Town of Hebron Number	Town of Hebron Percent	State of Connecticut Number	State of Connecticut Percent
Agriculture, forestry, fishing, hunting, and mining	64	1.4	7,445	0.4
Construction	249	5.1	99,913	6.0
Manufacturing	634	13.1	246,607	14.8
Wholesale trade	134	2.8	53,231	3.2
Retail trade	452	9.3	185,633	11.2
Transportation, warehousing and utilities	178	3.7	64,662	3.9
Information	119	2.4	55,202	3.3
Finance, insurance, real estate and leasing	839	17.3	163,568	9.8
Professional, scientific, management, administrative and waste management	352	7.2	168,334	10.1
Educational, health and social services	1,189	24.5	366,568	22.0
Arts, entertainment, recreation, accommodation and food services	185	3.8	111,424	6.7
Other services	188	3.9	74,499	4.5
Public administration	268	5.5	67,354	4.1
Total	4,851	100.0	1,664,440	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Commute to Work
(16 years of age and over)

	Town of Hebron Number	Town of Hebron Percent	State of Connecticut Number	State of Connecticut Percent
Drove alone	4,036	85.5	1,312,700	80.0
Car pools	389	8.2	154,400	9.4
Using public transportation	93	2.0	65,827	4.0
Walked	18	0.4	44,348	2.7
Using other means	10	0.2	12,130	0.8
Worked at home	174	3.7	51,418	3.1
Total	4,720	100.0	1,640,823	100.0
Mean travel to work (minutes)	29.7	–	24.4	–

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Major Employers

The following are among the most significant employers in the Town of Hebron.

Employer	Nature of Business	Approximate Number of Employees[1]
Regional School District Number 8	Education	211
Town of Hebron	Municipality	70
Ted's Supermarket	Shopping center	68
Country Carpenters	Manufacturer	26
Hebron Pharmacy	Pharmacy	24
Blackledge Country Club	Country club/golf course	10[2]

[1]Full-time equivalent.
[2]70 additional part-time positions seasonally.

Number and Value of Building Permits

Fiscal Year	Number	Value
2007-08	13	$ 7,210,619
2006-07	30	6,303,706
2005-06	63	14,378,935
2004-05	59	16,128,701
2003-04	39	7,603,240
2002-03	60	11,275,614
2001-02	45	9,127,312
2000-01	40	8,066,976
1999-00	48	9,099,363
1998-99	94	14,131,627
1997-98	91	9,622,650

[1] Through May 31, 2008.

Age Distribution of Housing

Household Characteristics	Town of Hebron		State of Connecticut	
	Number	Percent	Number	Percent
Built in 1939 or earlier	294	9.4	308,896	22.3
Built in 1940-1969	781	25.1	571,218	41.2
Built in 1970-1979	652	21.0	203,377	14.7
Built in 1980-1989	767	24.7	183,405	13.2
Built in 1990-1994	226	7.3	56,058	4.0
Built in 1995-March 2000	390	12.5	63,021	4.6
Total	3,110	100.0	1,385,975	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Housing Units by Type of Structure

Type	Town of Hebron Number	Town of Hebron Percent	State of Connecticut Number	State of Connecticut Percent
Single-family detached	2,849	91.6	816,706	58.9
Single-family attached	27	0.9	71,185	5.1
Multifamily	225	7.2	485,890	35.1
Mobile home, trailer, or other	9	0.3	12,194	0.9
Total	3,110	100.0	1,385,975	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Owner-occupied Housing Units

	Town of Hebron	State of Connecticut
Total owner-occupied units	2,669	869,729

Specified Owner-occupied Units	Town of Hebron Number	Town of Hebron Percent	State of Connecticut Number	State of Connecticut Percent
Less than $50,000	17	0.7	5,996	0.8
$ 50,000 to $ 99,999	111	4.6	85,221	11.7
$100,000 to $149,999	709	29.3	212,010	29.1
$150,000 to $199,999	803	33.2	156,397	21.5
$200,000 to $299,999	658	27.2	137,499	18.9
$300,000 to $499,999	114	4.7	79,047	10.9
$500,000 or more	8	0.3	52,074	7.1
Total	2,420	100.0	728,244	100.0
Median value	$168,800	-	$166,900	-

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Number and Size of Households

Household Characteristics	Town of Hebron Number	Town of Hebron Percent	State of Connecticut Number	State of Connecticut Percent
Persons in households	8,609	-	3,297,626	-
Persons per household (average)	2.88	-	2.53	-
Persons per family	3.19	-	3.08	-
Family households	2,466	82.4	881,170	67.7
Non-family households	527	17.6	420,500	32.3
All households	2,993	100.0	1,301,670	100.0
Family households by type				
Married couple	2,226	90.3	676,467	76.8
Female householders, no spouse	176	7.1	157,411	17.8
Other	64	2.6	47,292	5.4
Total family households	2,466	100.0	881,170	100.0
Non-family households by type				
Householders living alone	400	75.9	344,224	81.9
Other	127	24.1	76,276	18.1
Total non-family households	527	100.0	420,500	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

Housing Unit Vacancy Rates

Housing Units	Town of Hebron Number	Town of Hebron Percent	State of Connecticut Number	State of Connecticut Percent
Occupied housing units	2,993	96.2	1,301,670	93.9
Vacant housing units	117	3.8	84,305	6.1
Total units	3,110	100.0	1,385,975	100.0
Homeowner vacancy rate	-	0.3	-	1.1
Rental vacancy rate	-	2.1	-	5.6

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census.

SECTION IV - DEBT SECTION

Debt Summary
Pro Forma
As of July 17, 2008

Outstanding Short-term Debt

The Town of Hebron does not have any short-term debt outstanding.

Outstanding Bonded Debt

Dated Date	Purpose	Rate	Original Issue	Amount Outstanding	Final Maturity
08/31/92	Sewer	2.00	$7,511,895	$ 1,740,802	05/31/12
05/30/94	Sewer	2.00	1,895,060	481,314	05/31/12
11/30/95	Sewer	2.00	1,133,393	305,133	05/31/12
10/15/97	Library	4.15–6.10	1,535,000	500,000	11/15/12
07/15/04	Fire station	3.875–4.50	1,800,000	1,440,000	07/15/24
11/09/04	School refunding	2.00–4.00	5,720,000	4,095,000	06/01/19
07/15/08	This issue	3.20–4.00	4,300,000	4,300,000	07/15/23
Total				$12,862,249	

State of Connecticut Clean Water Fund Program

The Town of Hebron is a participant in the State of Connecticut's Clean Water Fund Program (Connecticut General Statutes Sections 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan).

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements (the "Loan Agreement"). Each municipality is obligated to repay only that amount which it draws down for the payment of project costs (Interim Funding Obligations). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of each municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement and thereafter in monthly installments. Loans made under a Loan Agreement entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

Overlapping/Underlying Debt

The Town of Hebron, along with the Towns of Andover and Marlborough, is a member of Regional School District Number 8 (the "District"). See "Educational System" herein. As of July 17, 2008, the District has $29,410,000 in bonds outstanding. For the 2008–09 fiscal year, the Town of Hebron's pro rata share of the District's outstanding net debt is 52.97%, or $15,578,477.

Regional School District Number 8

Dated Date	Purpose	Rate	Original Issue	Amount Outstanding	Final Maturity
04/15/04	Various schools	3.00–5.00	$ 8,500,000	$ 7,540,000	04/15/24
01/15/07	Various schools	3.625–5.00	5,550,000	5,550,000	01/15/27
02/01/07	Various schools refunding	3.50–5.00	18,145,000	16,320,000	05/01/22
Total				$29,410,000	

The District's outstanding long-term debt matures as follows:

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments	Cumulative Principal Retired
2009	$ 1,435,000	$ 1,125,428	$ 2,560,428	4.88
2010	1,485,000	1,189,063	2,674,063	9.93
2011	1,535,000	1,130,300	2,665,300	15.15
2012	1,600,000	1,068,694	2,668,694	20.59
2013	1,665,000	1,008,331	2,673,331	26.25
2014	1,730,000	941,125	2,671,125	32.13
2015	1,795,000	870,875	2,665,875	38.24
2016	1,880,000	791,075	2,671,075	44.63
2017	1,960,000	704,488	2,664,488	51.29
2018	2,045,000	614,625	2,659,625	58.25
2019	2,145,000	519,469	2,664,469	65.54
2020	2,250,000	419,007	2,669,007	73.19
2021	2,340,000	327,681	2,667,681	81.15
2022	2,435,000	231,331	2,666,331	89.43
2023	950,000	131,056	1,081,056	92.66
2024	995,000	90,056	1,085,056	96.04
2025	375,000	47,106	422,106	97.31
2026	385,000	32,106	417,106	98.62
2027	405,000	16,706	421,706	100.00
Total	$29,410,000	$11,258,522	$40,668,522	

Underlying Debt

The following municipal subdivisions or Special Tax Districts have the authority to issue tax-exempt debt, which constitutes underlying debt of the Town as of July 17, 2008:

District	Outstanding Debt
Amston Lake–Hebron Tax District	$79,165

Bonded Debt Maturity Schedule
Pro Forma
As of July 17, 2008

Fiscal Year Ending	Principal Payments	Interest Payments[1]	Total Payments	This Issue	Cumulative Principal Retired
2009 [2]	$1,112,101	$ 247,606	$ 1,359,707	$ –	8.65
2010	1,204,341	245,575	1,449,916	290,000	20.26
2011	1,214,721	209,907	1,424,628	290,000	31.96
2012	1,221,086	177,439	1,398,525	290,000	43.71
2013	565,000	142,083	707,083	290,000	50.36
2014	465,000	122,295	587,295	290,000	56.23
2015	460,000	105,570	565,570	285,000	62.02
2016	455,000	89,077	544,077	285,000	67.77
2017	450,000	72,758	522,758	285,000	73.49
2018	440,000	56,108	496,108	285,000	79.12
2019	435,000	39,338	474,338	285,000	84.72
2020	90,000	21,803	111,803	285,000	87.64
2021	90,000	18,000	108,000	285,000	90.55
2022	90,000	14,119	104,119	285,000	93.47
2023	90,000	10,125	100,125	285,000	96.38
2024	90,000	6,075	96,075	285,000	99.30
2025	90,000	2,025	92,025	–	100.00
Total	$8,562,249	$1,579,903	$10,142,152	$4,300,000	

[1] Does not include interest on this issue.
[2] Does not include principal payments of $90,000 or interest payments of $31,860 made from July 1, 2008 through July 17, 2008.

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

Statement of Statutory Debt Limitation
Pro Forma
As of July 17, 2008

Debt Limitation Base

Estimated total tax collections, including interest and lien fees, for the fiscal year ended June 30, 2008 (unaudited)[1]	$21,927,135
Debt Limitation Base	$21,927,135

Debt Margin

Debt Limitation by Purpose	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit Funding
2.25 x base	$49,336,054				
4.50 x base	-	$98,672,108			
3.75 x base	-	-	$82,226,756		
3.25 x base	-	-	-	$71,263,189	
3.00 x base	-	-	-	-	$65,781,405
Total debt limitation	49,336,054	98,672,108	82,226,756	71,263,189	65,781,405
Less indebtedness:					
Bonds of this issue	4,300,000	-	-	-	-
Bonds payable	1,940,000	4,095,000	2,527,249	-	-
Bonds authorized but unissued	500,000	8,550,940	-	-	-
Total overall debt	6,740,000	12,645,940	2,527,249	-	-
Less sewer assessments receivable	-	-	1,032,874	-	-
Total net debt	6,740,000	12,645,940	1,494,375	-	-
Underlying debt - Amston Lake-Hebron Tax District	79,165	-	-	-	-
Overlapping net debt - Regional School District Number 8	-	15,578,477	-	-	-
Total overall net debt	6,819,165	28,224,417	1,494,375	-	-
Debt limitation in excess of outstanding and authorized debt	$42,516,889	$70,447,691	$80,732,381	$71,263,189	$65,781,405

[1] Excludes collections of Amston Lake-Hebron Tax District.

The General Statutes require that in no event shall the total debt for the Town of Hebron exceed seven (7) times the annual receipts from taxation. Maximum debt for the Town of Hebron under this formula is $153,489,945.

Current Debt Statement
Pro Forma
As of July 17, 2008

Bonded debt	
General purpose (including this issue)	$6,240,000
Schools	4,095,000
Sewers	2,527,249
Total bonded debt	12,862,249
Short-term debt	-
Total direct debt	12,862,249
Less sewer assessments receivable	1,032,874
Net direct debt	11,829,375
Overlapping debt - Regional School District Number 8	15,578,477
Underlying debt - Amston Lake-Hebron Tax District	79,165
Total overall net debt	$27,487,017

Current Debt Ratios
Pro Forma
As of July 17, 2008

Population, 7/1/06[1]	9,238
Per capita income, 1999[2]	$30,797
Net taxable grand list, 10/1/07	$856,325,647
Estimated full value @ 70%	$1,223,322,353
Equalized net grand list (2005)[3]	$1,210,208,623

	Direct Debt $12,862,249	Net Direct Debt $11,829,375	Total Overall Net Debt $27,487,017
Per capita	$1,392.32	$1,280.51	$2,975.43
To net taxable grand list	1.50%	1.38%	3.21%
To estimated full value	1.05%	0.97%	2.25%
To equalized net grand list	1.06%	0.98%	2.27%
Ratio of debt per capita to per capita income	4.52%	4.16%	9.66%

Sources: [1]State of Connecticut Department of Public Health estimate.
[2]U.S. Department of Commerce, Bureau of Census, 2000 Census.
[3]State of Connecticut, Office of Policy and Management.

Five-year Debt Statement Summary

	2006-07	2005-06	2004-05	2003-04	2002-03
Population[1]	9,238	9,198	9,085	9,047	8,907
Net taxable grand list	$602,409,865	$586,823,996	$569,409,266	$556,294,217	$544,134,019
Estimated full value	$860,585,521	$838,319,994	$813,441,809	$794,706,024	$777.334.313
Equalized net taxable grand list[2]	$1,210,208,623	$1,152,513,923	$1,020,869,269	$922,483,412	$778,224,891
Per capita income[3]	$39,797	$39,797	$39,797	$39,797	$39,797
Direct debt	$9,842,346	$11,030,677	$12,212,472	$10,962,957	$12,049,358
Overlapping debt - Regional School District Number 8	17,978,805	18,100,000	13,963,183	14,848,227	16,423,666
Overall debt	$27,821,151	$29,130,677	$26,175,655	$25,81,184	$28,473,024

1 State of Connecticut, Department of Health Services estimates.
2 State of Connecticut, Office of Policy and Management.
3 U.S. Department of Commerce, Bureau of Census, 2000 Census.

Five-year Debt Statement Summary Ratios

	2006-07	2005-06	2004-05	2003-04	2002-03
Direct debt:					
Per capita	$1,065.42	$1,199.25	$1,344.25	$1,211.78	$1,352.80
To net taxable grand list	1.63%	1.88%	2.14%	1.97%	2.21%
To estimated full value	1.14%	1.32%	1.50%	1.38%	1.55%
To equalized net taxable grand list	0.81%	0.96%	1.20%	1.19%	1.55%
Direct debt per capita to per capita income	2.68%	3.01%	3.38%	3.04%	3.40%
Overall debt:					
Per capita	$3,011.60	$3,167.07	$2,881.19	$2,853.01	$3,196.70
To net taxable grand list	4.62%	4.96%	4.60%	4.64%	5.23%
To estimated full value	3.23%	3.47%	3.22%	3.25%	3.66%
To equalized net taxable grand list	2.30%	2.53%	2.56%	2.80%	3.66%
Overall debt per capita to per capita income	7.57%	7.96%	7.24%	7.17%	8.03%

Comparison of Annual Debt Service to General Fund Expenditures

Fiscal Year Ended June 30	Debt Service	General Fund Expenditures	Debt Service as Ratio to General Fund Expenditures
2007	$1,650,602	$28,441,273	5.8
2006	1,572,477	27,225,749	5.8
2005	1,370,818	24,947,518	5.5
2004	1,460,855	23,429,498	6.2
2003	1,773,776	21,891,003	8.1

Authorized-but-Unissued Debt

Project	Amount Authorized	Previously Bonded	Grants/ Paydowns	This Issue	Authorized but Unissued
Fire station	$2,300,000	$1,800,000	$ -	$ -	$ 500,000
Elementary school additions and renovations	14,305,940	6,600,000	-	-	7,705,940
Elementary school modular classrooms	845,000	-	-	-	845,000
Recreational facilities	4,494,000	-	194,000	4,300,000	-
Total	$21,944,940	$8,400,000	$194,000	$4,300,000	$9,050,940

Authority to Incur Debt

The Town of Hebron has the power to incur indebtedness as provided by the Connecticut General Statutes and the Town charter. The issuance of bonds and notes must be recommended by the Board of Selectmen and Board of Finance and approved at Town Meeting. Any authorization in excess of 10% of the current year's tax levy for a single purpose in a single fiscal year must be submitted to Town voters at referendum for approval. Notes and bonds may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes.

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 eight years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable, and the legislative body schedules principal reductions by no later than 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 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 eight years from the initial borrowing date except for 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 certain 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).

SECTION V - FINANCIAL SECTION

Taxable Grand List
($ in thousands)

Grand List 10/1	Residential Real Property Percent	Commercial and Industrial Real Property Percent	Other Real Property Percent	Personal Property Percent	Motor Vehicle Percent	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	Percent Change
2007	86.2	2.7	1.9	1.5	7.7	$858,809	$2,483	$856,326	1.2
2006	86.1	3.0	1.7	1.6	7.6	848,775	2,607	846,168	40.5
2005	81.8	3.1	2.5	2.1	10.5	604,736	2,400	602,336	2.6
2004	82.0	2.9	2.7	2.1	10.3	589,159	2,335	586,824	3.1
2003	82.5	2.9	3.2	1.8	9.6	571,593	2,184	569,409	-

Date of last general revaluation, 10/1/06.

Major Taxpayers

Name	Business	Taxable Valuation As of 10/1/07	Percent of Net Taxable Grand List
Blackledge Country Club	Golf course	$ 4,569,730	0.53
Connecticut Light & Power Co.	Utility	4,560,005	0.53
Foothills Farms Inc.	Golf course	2,880,030	0.34
Village Shoppes LLC	Retail	2,117,360	0.25
Birmingham Utilities	Utility	1,619,385	0.19
Hebron Properties LLC	Apartments	1,539,500	0.18
B.I.S.S. Inc.	Shopping	1,490,353	0.17
Loveland Farms LLC	Adult condominium community	1,375,770	0.16
Blackledge East LLC	Golf course	1,330,135	0.16
Malkasian, Robin	Residence	931,250	0.11
Total		$22,413,518	2.62

Net Taxable Grand List for 10/1/07: $856,325,647.

Tax Collections

Fiscal Year Ended 6/30	Grand List 10/1	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 5/31/08
2008	2006	26.27	$22,148,622	----------In Collection-------		1.5
2007	2005	34.89	21,278,613	99.10	0.90	0.4
2006	2004	33.24	19,799,849	99.30	0.70	0.2
2005	2003	31.24	17,251,099	99.20	0.80	0.1
2004	2002	31.48	17,057,580	99.00	1.00	0.2
2003	2001	30.34	15,217,997	98.50	1.50	0.2
2002	2000	27.69	13,908,809	97.80	2.20	0.2
2001	1999	32.24	13,062,281	98.00	2.00	0.2

Property Taxes Uncollected

Fiscal Year Ended June 30	Current Year	Total
2007	$199,573	$405,701
2006	144,124	334,529
2005	170,283	398,313
2004	175,470	462,212
2003	227,096	546,419

Significant Accounting Policies and Basis of Accounting

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, GASB issued Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." The statement established a new reporting model for governments that is substantially different from prior reporting standards. The government-wide financial statements report information on all of the non-fiduciary activities of the Town. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The Town has established separate funds for governmental functions under General Fund, Special Revenue Funds, and Capital Projects Funds. The Town's accounting records for Governmental Funds follow the modified accrual basis of accounting; that is, revenues are recognized in the accounting period in which they become both measurable and available to finance operations of the fiscal period. The major source of revenue that is recognized under the modified accrual basis are funds received from the State of Connecticut and the Federal government. Expenditures are recognized in the accounting period in which the fund liability is incurred. The accrual basis of accounting is used for Agency and Pension Trust Funds. Revenues are recognized when earned and expenses are recognized when incurred. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

See "Notes to Financial Statements" in Appendix A herein for more information.

Capital Improvement Program

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Expenditures						
Public Works	$389,000	$ 741,980	$ 638,545	$457,102	$ 636,855	$ 252,811
Board of Education	89,436	500,100	71,041	-	43,050	-
Fire Department	215,000	161,000	511,000	86,000	611,500	120,000
Recreation	14,500	36,000	60,000	60,000	37,000	28,000
Miscellaneous	168,000	195,000	690,000	245,000	331,000	-
Total	$875,936	$1,634,080	$1,970,586	$848,102	$1,659,405	$400,811
Revenues						
Balance from previous appropriations	$ 9,528					
LoCIP Funding	71,622					
General Fund Contribution	794,786					
Total	$875,936					

Financial Statements and Schedules

The comparative balance sheets and statements of revenues, expenditures, and changes in fund balance for General Fund types presented herein are derived from audited financial statements for fiscal years ended June 30, 2003 through 2007. The Town has provided budgetary information for 2008–09 and estimated results of operation for 2007–08. 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.

Comparative Balance Sheets – General Fund

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03
Assets					
Cash and cash equivalents	$2,101,642	$3,119,157	$3,257,225	$4,114,919	$2,671,484
Receivables:					
Property taxes	449,696	434,714	313,313	262,212	374,066
Intergovernmental and other	139,375	99,328	3,414	484,150	407,400
Due from other funds	730,412	637,099	108,112	327,293	383,890
Total assets	$3,421,125	$4,290,298	$3,682,064	5,188,574	$3,836,840
Liabilities and Fund balance					
Liabilities					
Accounts payable and accruals	$ 70,553	$ 93,136	$ 24,657	$ 238,855	$ 239,354
Due to other funds	207,322	7,188	-	-	-
Deferred revenue	387,234	416,567	358,407	1,550,594	1,096,836
Total liabilities	665,109	516,891	383,064	1,789,449	1,336,190
Fund balance					
Reserved for encumbrances	158,472	53,327	27,364	52,535	62,330
Unreserved:					
Undesignated	2,597,544	3,720,080	3,271,636	3,346,590	2,438,320
General Fund balance	2,756,016	3,773,407	3,299,000	3,399,125	2,500,650
Total liabilities and fund balance	$3,421,125	$4,290,298	$3,682,064	$5,188,574	$3,836,840
Operating revenues	$29,229,163	$27,950,816	$25,182,744	$24,173,245	$22,662,939
Fund balance as percent of operating revenues	9.4	13.5	13.1	14.1	11.0
Undesignated fund balance as percent of operating revenues	8.9	13.3	13.0	13.8	10.8

General Fund Revenues and Expenditures

	Adopted Budget 2008–09[1]	Estimated 2007–08[1]	2006–07	2005–06	2004–05	2003–04
Revenues						
Property taxes	$23,305,908	$22,254,116	$21,310,125	$20,016,475	$18,153,603	$17,221,736
Investment income	200,000	247,000	279,337	253,272	118,258	62,780
Intergovernmental	7,247,536	7,198,304	6,776,104	6,694,079	6,089,563	5,967,008
Charges for services	656,603	659,380	538,062	766,632	755,233	809,934
Other revenues	173,323	141,250	325,535	220,358	66,087	111,787
Total revenues	31,583,370	30,500,050	29,229,163	27,950,816	25,182,744	24,173,245
Expenditures						
General government	2,465,104	2,263,477	2,096,315	2,017,547	2,018,267	1,886,706
Public safety	827,934	791,564	559,211	665,976	566,611	603,779
Civic and human services	641,803	604,423	539,306	502,302	454,255	447,268
Planning and land use	124,239	109,100	112,811	96,114	111,759	105,516
Public works	1,018,238	950,493	845,547	875,408	914,552	806,989
Sewer fees	8,640	8,640	7,830	7,830	7,831	7,830
Insurance and benefits	1,028,435	944,896	834,144	766,155	753,575	754,909
Education	23,888,452	22,713,340	21,795,507	20,721,940	18,643,775	17,284,521
Debt service	1,725,739	1,639,776	1,650,602	1,572,477	1,370,818	1,460,855
Capital outlay	1,034,786	1,021,339	–	–	106,075	71,125
Total expenditures	32,763,370	31,047,048	28,441,273	27,225,749	24,947,518	23,429,498
Excess of revenues over expenditures	(1,180,000)	(546,998)	787,890	725,067	235,226	743,747
Other financing sources (uses)						
Capital leases	–		–	–	106,075	71,125
Bond proceeds	–		–	–	5,720,000	–
Payments to escrow agent	–		–	–	(1,761,796)	–
Operating transfers in	1,180,000[2]	1,080,000[2]	530,000	1,205,000	1,264,183	897,000
Operating transfers out	–	–	(2,335,281)	(1,455,660)	(5,663,813)	(813,397)
Net other financing sources (uses)	1,180,000	1,080,000	(1,805,281)	(250,660)	(335,351)	154,728
Excess (deficiency) of revenues and other sources over expenditures and other uses	–	533,002	(1,017,391)	474,407	(100,125)	898,475
Fund balance, beginning			3,773,407	3,299,000	3,399,125	2,500,650
Fund balance, ending			$2,756,016	$3,773,407	$3,299,000	$3,399,125

[1]Unaudited.
[2]Transferred in from sewer assessments fund and debt management fund.

Intergovernmental Revenues as a Percent of General Fund Revenues

Fiscal Year Ended June 30	Intergovernmental Revenues	General Fund Revenues	Percent
2007	$6,776,104	$29,229,163	23.2
2006	6,694,079	27,950,816	23.9
2005	6,089,563	25,182,744	24.2
2004	5,967,008	24,173,245	24.7
2003	6,025,834	22,662,939	26.6

Assessment Practices

Under Section 12-62 of the Connecticut General Statutes, as amended by Public Act 04-02, the Town must update all real estate values every five years and conduct a physical inspection of all real properties every ten years. The Town completed a statistical revaluation on the October 1, 2006 grand list. A physical revaluation will be required for the assessment year commencing October 1, 2011, and every ten years thereafter.

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion onto the annual 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 revaluation. Each year the Town's 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 permits issued by the Building Inspector. Upon issuance of a certification of completion, a physical inspection is conducted and the structure is given a new fair market value determined with the aid of a schedule developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All personal property (furniture, fixtures, equipment, machinery, supplies, and leased equipment) is revalued annually. Random audits are conducted by the assessor periodically. Assessments for both personal property and motor vehicles are computed at 70% of the current fair market value.

Motor vehicle registration lists are furnished to the Town by the State of Connecticut Department of Motor Vehicles (the "DMV"). The Office of Policy and Management has recommended that the average retail values contained in the National Automobile Dealers Association pricing guides 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 is then applied to qualifying applicants. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the DMV after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 grand list. If such registration occurs subsequent to November 1 but prior to the following August 1, the tax is prorated, and the proration is based on the period of time from the date of registration until the following October 1. Motor vehicles purchased in August and September are not taxed until the next October 1 grand list.

Annual Audit

The Town, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 7-397), is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the State Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ended June 30, 2007, the financial statements of the various funds of the Town were audited by McGladrey & Pullen, LLP, New Haven, Connecticut. The annual audits are conducted in compliance with Chapter 111 and contain the financial statements of the Town and the auditor's opinion thereon, in addition to specific comments and recommendations.

Tax Levy and Collection

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real and personal property taxes are billed in the following July and are payable in two installments on July 1 and January 1, except that motor vehicle taxes and real and personal property taxes under $50 are payable in one installment on July 1. Motor vehicle supplemental bills are payable on January 1. A modest 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.

Each year delinquent motor vehicle, real estate and personal property tax accounts that are deemed uncollectible are transferred to a suspense account at which time they cease to be carried as receivables. Tax accounts are transferred to a suspense account no later than 15 years after the due date in accordance with State statutes.

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) 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 a deferred revenue.

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.

Pension Plans

The Town administers a single-employer retirement system ("PERS"). In addition, the Board of Education teachers are fully covered by the non-contributory State Teachers' Retirement System. The Town of Hebron PERS completed the year ended June 30, 2007with net assets available at fair value of approximately $1,719,455, as stated in Appendix A – "Audited Financial Statements, Notes to Financial Statements, Note 4."

All Town employees and Board of Education non-certified employees are eligible to participate in a defined contribution money accumulation pension plan administered by the Town. The plan is authorized under the Town Charter and can be amended by a vote of the Selectmen. The plan is reported as a Pension Trust Fund in this report. All investments are invested and administered by the ING Life Insurance and Annuity Company and are reported at contract value. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

To be eligible to participate in the plan, the employee must be at least 21 years of age and complete one year of service. The plan does not allow for employee contributions. The Town contributes 5% of compensation for Board of Education non-certified employees and 7% for all Town employees.

Employer contributions become fully vested upon completion of six years of service. Employer contributions to the plan were $181,528 (net of forfeitures) for the fiscal year ended June 30, 2007. The plan does not issue stand-alone financial statements.

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated 20 years of credited service in Connecticut public schools or has attained any age and has accumulated 35 years of credited service, at least 25 of which are in Connecticut public schools. The State of Connecticut Teachers' Retirement System is considered to be part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. The Town recognizes revenues and expenditures for on-behalf payments for pension

contributions paid directly to the State of Connecticut Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately $685,000 for the year ended June 30, 2007.

Other Post-Employment Benefits

The Town is in the process of complying 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 Benefits ("OPEB") plans and include information concerning the valuation of such plans in their financial statements. The Town will be required to comply with the reporting requirements of GASB 45 beginning with the 2009 fiscal year. The Town is in the process of obtaining an initial valuation of its OPEB liability so that it may include information concerning such liability in a note to its 2007-08 fiscal year financial statements.

Investment Policy

The Town invests its public funds in accordance with Connecticut General Statutes Section 7-402. Deposits may be made in a "qualified public depository" as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out-of state bank," as defined by the Statutes, which is not a "qualified public depository."

Risk Management

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

The Town purchases commercial insurance for all risks of loss including blanket and umbrella policies. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

SECTION VI - ADDITIONAL INFORMATION

Litigation

The Town of Hebron, its officers, employees, boards and commissions, are defendants in a number of lawsuits. It is the opinion of the Town officials, following consultation with the Town Attorney, that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

Continuing Disclosure

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds. See Appendix C to this Official Statement. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement. The Town has entered into prior Continuing Disclosure Agreements for the benefit of holders of its long-term debt obligations to provide annual financial information and material even notices pursuant to SEC Rule 15c2-12(b)(5), and has complied in all material respects with its obligations thereunder.

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, within six months of the end of its fiscal year. The Town provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of the Annual Financial Report, Recommended and Adopted Budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The Town intends to file its official statement for primary offerings with Bloomberg Municipal Repository, DPC Data Inc., Interactive Data Pricing and Reference Data, Inc., and Standard & Poor's Security Evaluations, Inc., each a nationally recognized municipal securities information repository.

Documents to Be Furnished at Closing

The original purchaser will be furnished, subject to delivery of reoffering yield information as requested in the Notice of Sale, the following documents when the Bonds are delivered:

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

2. A certificate on behalf of the Town, signed by the Vice Chairman of the Board of Selectmen, the Town Manager, and the Treasurer, or any two of them, 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 on the date thereof and that at the time bids on the Bonds were accepted, the description and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.

3. A receipt for the purchase price of the Bonds.

4. The approving opinion of Day Pitney LLP Bond Counsel, of Hartford, Connecticut as to the Bonds.

5. An executed Continuing Disclosure Agreement substantially in the form attached hereto as Appendix C.

6. Within seven business days after the bid opening, the Town will furnish the original purchaser of the Bonds 75 copies of the Official Statement as prepared by the Town. Additional copies may be obtained by the original purchaser at its own expense by arrangement with the printer. If the Town's financial

advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

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

Concluding Statement

This Official Statement is submitted only in connection with the sale of the Bonds by the Town, 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.

TOWN OF HEBRON, CONNECTICUT

By_____
Gayle Mulligan
Vice Chairman, Board of Selectmen

By_____
Michael S. Hillsberg
Treasurer/Finance Director

By_____
Jared S.A. Clark
Town Manager

Dated as of July 9, 2008

Appendix A – Auditor's Section

The following includes the audited financial statements of the Town of Hebron, Connecticut for the fiscal year ended June 30, 2007. The supplemental statements and schedules and management letter which were a part of that report have not been reproduced herein. A copy of the complete report is available upon request from Christine R. Caruolo, Assistant Vice President, Webster Bank, National Association, CityPlace II, 185 Asylum Street, Hartford, Connecticut 06103, telephone: (860) 692-1711.

McGladrey & Pullen
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Finance
Town of Hebron, 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 Hebron, Connecticut (the "Town") as of and for the year ended June 30, 2007, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 Hebron, Connecticut as of June 30, 2007, and the respective changes in financial position thereof and the budgetary information for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13 to the basic financial statements, the Town adopted the infrastructure provision of GASB Statement No. 34 as of July 1, 2006.

In accordance with "Government Auditing Standards," we have also issued our report dated January 8, 2008 on our consideration of the Town of Hebron, 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.

McGladrey & Pullen, LLP is a member firm of RSM International,
an affiliation of separate and independent legal entities.

The management discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements, but is supplementary information required by the 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 introductory section, the budgetary detail, combining and individual nonmajor fund statements, capital assets schedule, other schedule, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail, combining and individual nonmajor fund statements, capital asset schedule and other schedule 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. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

New Haven, Connecticut
January 8, 2008

Town of Hebron, Connecticut
Management's Discussion and Analysis
June 30, 2007

As management of the Town of Hebron, Connecticut (the "Town") we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal, as well as the Town's basic financial statements that follow this section.

Financial Highlights

1. On a government-wide basis, the assets of the Town exceeded its liabilities resulting in total net assets at the close of the fiscal year of $52,012,125.

2. On a government-wide basis, during the year, the Town's net assets increased by $700,986. Governmental activities expenses were $30,480,714, while revenues were $31,181,700.

3. At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of $6,585,226, an increase of $512,057 from the prior fiscal year. Of the total fund balance as of June 30, 2007, $6,409,717 represents the combined unreserved fund balance in the general fund, special revenue funds, capital projects funds and permanent fund.

4. At the end of the current fiscal year, the total fund balance for the general fund alone was approximately $2.8 million, a decrease of $1,017,391 from the prior fiscal year. Unreserved General Fund fund balance at year-end represents 9% of total general fund expenditures and transfers out.

5. The Town's debt decreased by approximately $1.2 million during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The basic financial statements comprise 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 as well as the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a 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. 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 infrastructure, to assess the overall health of the Town.

The statement of activities presents information showing how the government'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, uncollected taxes and earned but unused vacation leave are examples.

The governmental activities of the Town of Hebron include education, general government services, public safety, public works, planning & development, human services and community services. Property taxes, charges for services and state and federal grants finance most of these activities. The Town currently has no business type 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town 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 expendable resources, as well as on balances of expendable 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 maintains 17 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, Debt Management Fund, Sewer Assessment Fund and Capital Projects Fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation as Other Governmental Funds. Non-major governmental funds for the Town include the Hebron Park Fund, the Miscellaneous Grants Fund, the WPCA Sewer Operation Fund, the Small Cities Grant Fund, the Marion Celio Angel Fund, the Land Acquisition Fund, Douglas Library Fund, the Recreation Fund, the Historic Records Preservation Fund, the EMS Fund, the Tri-Centennial Commission Fund and the Cafeteria Fund. These are all considered special revenue funds. Permanent Funds consist of the Cemetery Trust Fund. Individual fund data for each of these non-major governmental funds is provided in the combining balance sheets on pages 52-53 and in the combining statement of revenues, expenditures and changes in fund balances (deficits) on pages 54-55.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the authorized budget. The statement of revenues, expenditures, encumbrances and transfers out on a budgetary basis can be found on page 16.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balances) can be found on pages 13-14 of this report.

Proprietary funds. The Town maintains no proprietary funds.

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 statement because the resources of those funds are not available to provide services to the Town's constituency. The Town has a pension trust fund and agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 17-18 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-43 of this report.

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. On a government-wide basis, the Town's assets exceeded its liabilities by $52,012,125 at June 30, 2007.

TOWN OF HEBRON, CONNECTICUT
Net Assets ($000's)
As of June 30, 2007 and 2006

	June 30, 2007 Primary Government Governmental Activities	June 30, 2006, As Restated Primary Government Governmental Activities	
Current and other assets	$ 8,570	$ 8,458	
Capital assets	53,567	54,270	*
Total Assets	62,137	62,728	*
Current liabilities	1,584	1,691	
Long-term liabilities	8,541	9,726	
Total Liabilities	10,125	11,417	
Investment in capital assets, net of related debt	44,096	43,642	*
Restricted	10	10	
Unrestricted	7,906	7,659	
Total Net Assets	$ 52,012	$ 51,311	

* *It should be noted that in the current fiscal year, the Town valued and accounted for all infrastructure assets. In the prior year, the Town only accounted for infrastructure acquired from July 1, 2002 through June 30, 2006. As a result, the beginning balance, July 1, 2006, of capital assets, was restated as required by GASB Statement No. 34.*

Total net assets for Governmental Activities at fiscal year-end were $52 million, up from $51 million in the previous year after restatement of capital assets. Of the Town's total net assets at June 30, 2007, $7.9 million or 15.2% is unrestricted. This compares with last year's total unrestricted net assets of $7.7 million or 23.3% unrestricted.

The largest portion of the Town's net assets, 85%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), net of depreciation and any outstanding debt related to these assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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.

Unrestricted net assets of $7,906 may used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF HEBRON, CONNECTICUT
Changes in Net Assets ($000's)
For the Years Ended June 30, 2007 and 2006

	June 30, 2007 Primary Government Governmental Activities	June 30, 2006 Primary Government Governmental Activities
Revenues:		
Program Revenues:		
Charge for services	$ 2,093	$ 1,966
Operating grants and contributions	5,856	6,424
Capital grants and contributions	390	269
General Revenues:		
Property taxes	21,458	20,119
Grants not restricted to specific programs	895	541
Unrestricted investment earnings	489	337
Total revenues	31,181	29,656
Expenses:		
General government	3,387	3,034
Education	22,301	21,180
Public safety	1,025	1,106
Health and welfare	1,307	1,088
Public works	1,415	1,183
Sewer and other	556	540
Interest on long-term debt	489	321
Total expenses	30,480	28,452
Change in net assets	701	1,204
Net Assets, beginning	51,311	31,824
Restatement for infrastructure	-	18,283
Net Assets, ending	$ 52,012	$ 51,311

* *The beginning balance of net assets was restated to account for the complete valuation of Town infrastructure as of July 1, 2006. The restatement of the changes to Net Assets for the year ended June 30, 2006 was not practical due to the current year valuation.*

Governmental Activities

For Governmental Activities, more than 68.8% of the revenues were derived from property taxes, followed by 18.8% from other intergovernmental revenues.

Major revenue factors included:

1. Property tax revenues recorded during fiscal year 2007 reflect an increase in the mill rate for the current levy and a revaluation.

2. Investment income was better than anticipated.

For Governmental Activities, 73.2% of the Town's expenditures relates to education, 3.4% relates to public safety, 11.1% to general government, 4.6% to public works, 4.3% to health and human services, 1.6% to interest on long-term debt, and those are the major percentages.

Major expenditure factors include:

1. Education expenditures in the General Fund increased by 5.2% from $21.2 million to $22.3 million.

Financial Analysis of the Fund Financial Statements

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

Governmental funds. The focus of the Town'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'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.

As of the end of the current fiscal year, the Town's general fund reported combined ending fund balances of approximately $2.8 million, a decrease of $1,017,391 as reported on June 30, 2006; $2,597,544 of this total amount constitutes unreserved fund balance that is available for spending at the Town's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: $158,472 for encumbrances.

As stated earlier, the fund balance of the Town's general fund decreased by $1,017,391 during the current fiscal year. The key factor in this decrease is as follows:

1. Increase in transfers out of approximately $1 million primarily to the Capital Projects Fund to fund capital outlay.

As of the end of the current fiscal year, the Debt Management Fund increased by $663,833, due to a transfer of $593,787.

The Sewer Assessment Fund decreased its fund balance by $184,891, ending with a fund balance of $358,828 as of June 30, 2007. This decrease was caused by transfers out of $480,000.

The Capital Projects Fund had an increase in fund balance of $738,689 as capital outlay did not exceed revenues and transfers in the current year.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was $1,248,125. The additional appropriations approved during the year were principally for debt management, purchase of a fire truck and other capital improvements.

During the year, actual revenues and other financing sources on a budgetary basis were approximately $29.1 million, which exceeded budgetary estimates by $621,183. Actual tax revenues exceeded budget by $243,141, which in part represents more aggressive pursuit of delinquent taxes. Actual fees, permits and licenses were $28,988 under budget due to less activity than expected in building fees, conveyance tax, engineering fees, and other fees. Interest income was $154,337 over budget due to higher than expected interest rates.

Actual expenditures on a budgetary basis and other financing uses totaled $30,196,688, which were less than actual revenues and other financing sources on a budgetary basis by $38,384.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental activities as of June 30, 2007, amount to $53,567,261 net of accumulated depreciation. This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, and infrastructure.

TOWN OF HEBRON, CONNECTICUT
Capital Assets (Gross)
As of June 30, 2007 and 2006

	June 30, 2007	June 30, 2006, As Restated
Land	$ 9,610,993	$ 9,610,993
Construction in progress	226,310	-
Buildings and improvements	24,923,321	24,923,321
Furniture and equipment	7,310,586	7,041,690
Infrastructure	20,498,118	20,120,022
Total	$ 62,569,328	$ 61,696,026

Additional information can be found in Note 7 of this report.

Major capital asset events during the current fiscal year included the following:

1. Replacement of public works vehicles ($198,000).

2. Improvements to the Town's facilities ($226,000)

Long-term debt. At the end of the current fiscal year, the Town had total bonds and notes outstanding of $9,842,346. 100% of this debt is backed by the full faith and credit of the Town. The Town's total debt decreased by $1,188,331 during fiscal 2007.

The last bond rating was for the General Obligation Bond Issue of 2004 for Fire Company #2, totaling $1,800,000. The Bonds were rated Al by Moody's Investor Service.

The overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or $149,053,443.

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

Economic Factors and Next Year's Budgets and Rates

The Town has not been immune from the effects of the national economic downturn. As of June 2007, the unemployment rate for the Hebron Labor Market Area was 3.9%, as in prior year. Connecticut's overall unemployment rate stands at 4.4%, compared with 4.3 % for the same time last year. The State of Connecticut continues to reduce funding to the Town and other municipalities. This, coupled with unfunded educational mandates and increased employee benefit costs, creates a challenge for Hebron. The Town, however, is poised to overcome such challenges with its commitments to economic development, cost reduction, debt reduction and a comprehensive re-zoning plan.

Requests for Information

The financial report is designed to provide a general overview of the Town's finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Hebron, Finance Director, 15 Gilead Street, Hebron, Connecticut 06248.

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Type Activities
Assets	
Cash and cash equivalents	$ 6,654,703
Receivables, net of allowance for collection losses:	
Property taxes, net	449,696
Assessments and user fees	1,319,586
Intergovernmental and other	140,861
Inventories	4,943
Capital assets, non-depreciable	9,837,303
Capital assets, net of accumulated depreciation	43,729,958
Total assets	62,137,050
Liabilities	
Accounts payable and accruals	259,637
Unearned revenue	113,018
Noncurrent liabilities:	
Due in less than one year	1,211,530
Due in more than one year	8,540,740
Total liabilities	10,124,925
Net Assets	
Investment in capital assets, net of related debt	44,037,991
Restricted:	
Nonexpendable - permanent trust	10,432
Unrestricted	7,963,702
Total net assets	$ 52,012,125

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

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets: Primary Government Total
Primary government:					
Governmental activities:					
General government	$ (3,387,354)	$ 578,297	$ 35,542	$ -	$ (2,773,515)
Public safety	(1,025,330)	18,999	15,597	168,934	(821,800)
Civic and human service	(1,306,503)	702,997	43,711	-	(559,795)
Planning and land use	(168,871)	57,494	-	-	(111,377)
Public works	(1,415,397)	442,088	-	221,346	(751,963)
Sewer fees	(387,373)	59,497	-	-	(327,876)
Education	(22,300,802)	233,331	5,761,297	-	(16,306,174)
Interest on long-term debt	(489,084)	-	-	-	(489,084)
Total governmental activities	$ (30,480,714)	$ 2,092,703	$ 5,856,147	$ 390,280	(22,141,584)
		General revenues:			
		Property taxes			21,457,967
		Grants and contributions not restricted to specific programs			895,606
		Unrestricted investment earnings			488,997
		Total general revenues			22,842,570
		Change in net assets			700,986
		Net assets - beginning, as restated			51,311,139
		Net assets - ending			$ 52,012,125

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

TOWN OF HEBRON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2007

	Major Funds				Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Management	Sewer Assessment	Capital Projects		
Assets						
Cash and cash equivalents	$ 2,101,642	$ 1,973,359	$ 337,795	$ 1,269,349	$ 972,558	$ 6,654,703
Receivables (net of allowances for collection losses):						
Property taxes	449,696	-	-	-	-	449,696
Assessments and user fees	-	-	1,307,994	-	11,592	1,319,586
Intergovernmental and other	139,375	-	-	-	1,486	140,861
Due from other funds	730,412	-	-	-	54,175	784,587
Inventories	-	-	-	-	4,943	4,943
Total assets	$ 3,421,125	$ 1,973,359	$ 1,645,789	$ 1,269,349	$ 1,044,754	$ 9,354,376
Liabilities						
Accounts payable and accruals	$ 70,553	$ -	$ -	$ 81,771	$ 51,243	$ 203,567
Due to other funds	207,322	-	6,217	467,058	103,990	784,587
Deferred revenues	387,234	-	1,280,744	-	-	1,667,978
Unearned revenues	-	-	-	-	113,018	113,018
Total liabilities	665,109	-	1,286,961	548,829	268,251	2,769,150
Fund balances						
Reserved for:						
Encumbrances	158,472	-	-	1,662	-	160,134
Inventories	-	-	-	-	4,943	4,943
Permanent fund	-	-	-	-	10,432	10,432
Unreserved:						
Designated for specific projects	-	-	-	759,625	-	759,625
Unreserved/undesignated:						
General Fund	2,597,544	-	-	-	-	2,597,544
Special revenue funds	-	1,973,359	358,828	-	761,128	3,093,315
Capital projects funds	-	-	-	(40,767)	-	(40,767)
Total fund balances	2,756,016	1,973,359	358,828	720,520	776,503	6,585,226
Total liabilities and fund balances	$ 3,421,125	$ 1,973,359	$ 1,645,789	$ 1,269,349	$ 1,044,754	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	53,567,261
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded or deferred in the funds.	1,667,978
Accrued interest payable	(56,070)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(9,752,270)
Net assets of governmental activities	$ 52,012,125

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

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2007

	Major Funds				Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Management	Sewer Assessment	Capital Projects		
REVENUES						
Property taxes	$ 21,310,125	$ -	$ -	$ -	$ -	$ 21,310,125
Intergovernmental	6,776,104	-	-	270,839	83,450	7,130,393
Charges for services	538,062	-	265,945	-	1,191,219	1,995,226
Income from investments	279,337	70,046	29,164	71,466	31,791	481,804
Other revenues	325,535	-	-	-	38,032	363,567
Total revenues	29,229,163	70,046	295,109	342,305	1,344,492	31,281,115
EXPENDITURES						
Current:						
General government	2,096,315	-	-	-	-	2,096,315
Public safety	559,211	-	-	-	10,833	570,044
Civic and Human Service	539,306	-	-	-	596,096	1,135,402
Planning and land use	112,811	-	-	-	17,737	130,548
Public Works	845,547	-	-	-	-	845,547
Sewer fees	7,830	-	-	-	341,220	349,050
Insurance and benefits	834,144	-	-	-	-	834,144
Education	21,795,507	-	-	-	232,340	22,027,847
Debt service:						
Principal	1,220,920	-	-	-	-	1,220,920
Interest	429,682	-	-	-	-	429,682
Capital outlay	-	-	-	1,127,610	1,949	1,129,559
Total expenditures	28,441,273	-	-	1,127,610	1,200,175	30,769,058
Revenues over (under) expenditures	787,890	70,046	295,109	(785,305)	144,317	512,057
OTHER FINANCING SOURCES (USES)						
Transfers in	530,000	593,787	-	1,523,994	217,500	2,865,281
Transfers out	(2,335,281)	-	(480,000)	-	(50,000)	(2,865,281)
Total other financing sources (uses)	(1,805,281)	593,787	(480,000)	1,523,994	167,500	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(1,017,391)	663,833	(184,891)	738,689	311,817	512,057
FUND BALANCES, beginning	3,773,407	1,309,526	543,719	(18,169)	464,686	6,073,169
FUND BALANCES, ending	$ 2,756,016	$ 1,973,359	$ 358,828	$ 720,520	$ 776,503	$ 6,585,226

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

TOWN OF HEBRON, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2007

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

Net change in fund balances – total governmental funds	$ 512,057
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.	(702,832)
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until they become measurable and available.	(294,346)
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.	1,189,999
Some expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds until they are paid.	(3,892)
Change in net assets of governmental activities	$ 700,986

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

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2007

	Original	Revised Final	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes, interest and lien fees	$ 21,066,984	$ 21,066,984	$ 21,310,125	$ 243,141
Intergovernmental	6,077,848	6,077,848	6,091,104	13,256
Charges for services	672,050	567,050	538,062	(28,988)
Income from investments	125,000	125,000	279,337	154,337
Other	86,098	86,098	325,535	239,437
Total revenues	28,027,980	27,922,980	28,544,163	621,183
EXPENDITURES				
General government	2,153,089	2,156,509	2,094,180	62,329
Public Safety	695,198	594,061	569,941	24,120
Civic and Human Service	545,148	552,698	542,041	10,657
Planning and Land Use	114,469	118,989	113,456	5,533
Public Works	924,984	917,959	880,031	37,928
Sewer fees	8,640	8,640	7,830	810
Insurance and benefits	845,375	838,429	834,144	4,285
Education	21,216,841	21,200,242	21,169,182	31,060
Debt service	1,639,776	1,650,706	1,650,602	104
Total expenditures	28,143,520	28,038,233	27,861,407	176,826
Revenues over (under) expenditures	(115,540)	(115,253)	682,756	798,009
OTHER FINANCING SOURCES (USES)				
Transfers in	1,039,709	530,000	530,000	-
Appropriation of fund balance	57,700	759,625	-	(759,625)
Transfers out	(981,869)	(2,335,281)	(2,335,281)	-
Total other financing sources (uses)	115,540	(1,045,656)	(1,805,281)	(759,625)
Revenues and other financing sources over expenditures and other financing uses	$ -	$ (1,160,909)	$ (1,122,525)	$ 38,384

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

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2007

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	$ -	$ 90,545
Investments	1,719,455	-
	1,719,455	90,545
LIABILITIES		
Amounts held for others	-	90,545
Total liabilities	-	90,545
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 1,719,455	$ -

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

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - PENSION TRUST

For the Year Ended June 30, 2007

	Pension Trust Fund
ADDITIONS	
Contributions	
Employer	$ 181,528
Total contributions	181,528
Investment Income	
Interest and dividends	14,050
Net appreciation in fair value of investments	168,487
Net investment income	182,537
Total additions	364,065
DEDUCTIONS	
Benefits	73,498
Change in net assets	290,567
NET ASSETS HELD IN TRUST	
Beginning of year	1,428,888
End of year	$ 1,719,455

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

Note 1. Summary of Significant Accounting Policies

Reporting entity

The Town of Hebron, Connecticut (the "Town"), was incorporated in 1708. The Town operates under a Charter which became effective in November 1988 and was most recently amended in November 2003. The form of government includes an elected Board of Selectmen consisting of five members, an elected six member Board of Finance, and an elected seven member local Board of Education.

The legislative power of the Town is vested with the Board of Selectmen and the Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of Town offices and agencies, with the exception of the local Board of Education, is the responsibility of the Town Manager, who is appointed by the Board of Selectmen.

The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town provides the following services: police, fire, community health and social services, solid waste removal, cultural and recreation services, education, streets and highways, planning and zoning, public improvements and general administrative services.

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 Government Accounting Standards Board Statement Codification 2100 have 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 fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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, except for Agency Funds which have no measurement focus. 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 for which they are levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 and claims and judgments, are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenue when eligibility requirements are met, licenses, 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 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 *Debt Management Fund* is used to account for the accumulation of reserves to stabilize the effect on the mill rate of future debt service requirements.

The *Capital Projects Fund* is used to account for the financial resources for the acquisition and construction of major capital facilities.

The *Sewer Assessment Fund* is used to account for the activities related to sewer assessment and collection.

Additionally, the Town reports the following fund types:

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, and are used for senior activities, performance bonds and student activities. Agency funds have no measurement focus; however, they do follow the accrual basis of accounting.

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

Pension plan accounting

Pension Trust Fund:

The Pension Trust Fund is reported on the accrual basis of accounting. 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. Stand-alone statements are not issued.

Governmental Funds:

Expenditures are recognized when they are paid or are expected to be paid with current available resources.

Funding Policy:

The Town contributes five percent (5%) of compensation for Board of Education non-certified employees and seven percent (7%) for all Town employees.

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.

Encumbrances

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

Property taxes

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate tax greater than $250 is due in two installments on July 1 and the following January 1. Liens are filed on delinquent real estate taxes within one year.

Cash equivalents

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

Allowances for doubtful accounts

Accounts and notes receivable for the primary government are reported net of allowance for doubtful accounts of approximately $80,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon collection history and an analysis of the creditor's ability to pay.

Investments

Investments are stated at fair value, based on quoted market prices. All of the Town's investments are recorded in the Pension Trust Fund. Fixed income funds are reported at fair value based on the unit prices quoted by the fund representing the fair value of the underlying investment. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

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

Inventories

Inventories are stated at lower of cost on FIFO method or market. Governmental fund type inventory consists of expendable foods and supplies and is recorded as an expenditure when consumed.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 for furniture, equipment and buildings, and $50,000 for infrastructure. 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.

In the current year, the Town valued and reported all infrastructure from July 1, 2006 and prior.

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.

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

Assets	Years
Buildings	25-50
Building improvements	25-50
System infrastructure	20-50
Furniture and equipment	5-25

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

Compensated absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are due. The liability for the remainder of the vested sick leave and vacation leave, and an estimate of the nonvested portion expected to be paid in future periods, is accounted for in the government-wide statement of net assets. The vesting method

using historical data was used to calculate the liability. Compensated absences are generally liquidated by the general fund.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in 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 interest method. Bonds payable are reported net of the applicable bond premium or discount.

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 expenditures.

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 - This category represents the net assets of the Town, which are not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in three separate categories as follows:

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

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

Unreserved/undesignated fund balance – indicates that portion of fund equity which is available for appropriation and expenditure in future periods, or if a deficit, for which future funding will be required.

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	$ (6,715,000)
Deferred charge on refunding	371,050
Clean Water Fund notes payable	(3,127,346)
Capital leases payable	(57,974)
Compensated absences	(223,000)
Net adjustment to decrease fund balance – total governmental funds to arrive at net assets – governmental activities	$ (9,752,270)

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	$ 873,302
Depreciation expense	(1,576,134)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$ (702,832)

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:

Principal repayments:	
General obligation debt and Clean Water Fund notes	$ 1,188,331
Capital leases	32,589
Deferred charge on refunding	(30,921)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$ 1,189,999

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources." The details of the difference are as follows:

Accrued interest	$ 4,108
Compensated absences	(8,000)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	$ (3,892)

Note 3. Budgets and Budgetary Accounting

General Fund

At least one hundred fifty (150) days before the end of the fiscal year, the head of each department, office or agency of the Town, supported wholly or in part from Town funds, except the Regional Board of Education, files with the Town Manager a detailed estimate of the expenditures to be made and the revenues, other than property taxes, to be collected in the ensuing fiscal year.

The Town Manager, with the assistance of the Financial Administrator, reviews the budget estimates with the heads of all Town supported departments, offices and agencies. No later than one hundred twenty (120) days prior to the end of the fiscal year, the Town Manager presents to the Board of Selectmen a proposed budget. In preparing the proposed budget, the Town Manager may add to, delete from or eliminate requests made by the various departments, offices and agencies, except that he may only comment and make recommendations on the budget requests of elected officials and the local Board of Education. The Town Manager includes in the budget the estimated budget request of Regional School District #8.

The Board of Selectmen reviews the budget estimates and make further revisions, except that the Board may only make recommendations in the budgets prepared by other elected officers, elected Town agencies and the local Board of Education. The Board of Selectmen submits its budget recommendations to the Board of Finance no later than ninety (90) days before the end of the fiscal year.

The Board of Finance holds at least one public hearing on the budget as presented. The Board of Finance may review the budget requests with the head of each department, board, agency and commission including the local Board of Education. The Board of Finance then prepares a budget to be presented to the annual Town budget meeting.

The Town Charter provides the manner which is to be utilized by Town Meeting in acting upon the budget. The Board of Finance may make supplemental appropriations during the year provided that such appropriations do not cumulatively exceed one-half of one percent (.005) of the current year budget, excluding the amount appropriated to the Regional School District. All subsequent supplemental appropriations are subject to Town Meeting approval. The Board of Finance is authorized to approve transfers from one department, office or agency to another only within the last three (3) months of the fiscal year.

The Charter also provides for the making of emergency appropriations which do not require Town Meeting approval. There were no emergency appropriations made during the year.

Unexpended appropriations lapse at the end of the fiscal year unless specifically continued in force to the subsequent period.

The General Fund budget is prepared on a modified accrual basis of accounting. Encumbrances are recognized as a valid and proper charge against a budget 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 in the current year. There were $158,472 of encumbrances as of June 30, 2007 in the General Fund.

A reconciliation of General Fund revenues as presented in accordance with GAAP and revenues presented on the budgetary basis is as follows:

Revenue and transfers in - budgetary basis	$ 29,074,163
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	685,000
Revenues and transfers in - GAAP basis	$ 29,759,163

A reconciliation of expenditures and transfers out of the General Fund, as reported, and expenditures and transfers out on the budgetary basis is as follows:

Expenditures and transfers-out, budgetary basis	$ 30,196,688
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	685,000
Changes in reserves for encumbrances and liquidation of encumbrances	(105,134)
Expenditures and transfers-out, GAAP basis	$ 30,776,554

Special Revenue Funds

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

Capital Projects Funds

Legal authorization for expenditures of the capital projects funds is provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut General Statutes. Capital appropriations do not lapse until completion of the applicable projects.

Note 4. Cash, Cash Equivalents and Investments

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

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

Interest rate risk: The Town 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, including its Pension Trust Fund. 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, including its Pension Trust Fund, does not have a formal 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 out side party. As of June 30, 2007, $2,205,933 of the Town's bank balance of $2,613,745 was uninsured and uncollateralized.

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

Cash and investments of the Town consist of the following at June 30, 2007:

Cash and Cash Equivalents	
Deposits with financial institutions	$ 2,276,640
State of Connecticut Short-Term Investment fund	4,305,108
MBIA- Class Account	163,500
Total cash and cash equivalents	6,745,248
Investments	
Pension Trust Funds:	
Mutual Funds	1,719,455
Total investments	1,719,455
Total cash, cash equivalents and investments	$ 8,464,703

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

Statement of Net Assets	
Cash and cash equivalents	$ 6,654,703
Fiduciary Funds:	
Cash and cash equivalents	90,545
Investments	1,719,455
	1,810,000
Total cash, cash equivalents and investments	$ 8,464,703

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:

		Investment Maturities (in Years)
	Fair Value	Less Than 1 Year
Pooled Income Fund	$ 4,468,608	$ 4,468,608

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	Pooled Income Funds
AAA	$ 4,305,108
AA	163,500
	$ 4,468,608

Note 5. 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 and deferred revenue reported in the governmental funds and governmental activities were as follows:

	Deferred Revenues	Unearned Revenue
General Fund:		
Deliquent property taxes receivable	$ 387,234	$ -
Major Funds:		
Sewer assessments not yet due	1,280,744	-
Nonmajor Funds:		
Grants and other revenues	-	113,018
Total	$ 1,667,978	$ 113,018

Note 6. Interfund Receivables, Payables and Transfers

As of June 30, 2007, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 730,412	$ 207,322
Other Nonmajor Funds	54,175	103,990
Capital Project Fund	-	467,058
Sewer Assessment Fund	-	6,217
Totals	$ 784,587	$ 784,587

Balances resulted principally from the funding of capital and other expenditures by the general fund; in addition, the balances resulted from short-term advances from the General Fund to various other funds.

Interfund transfers during the year ended June 30, 2007 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	$ 530,000	$ 2,335,281
Capital Projects Fund	1,523,994	-
Sewer Assessment Fund	-	480,000
Debt Management Fund	593,787	-
Non-Major and Other Funds	217,500	50,000
Totals	$ 2,865,281	$ 2,865,281

Transfers are used to account for unrestricted revenues collected mainly in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations.

Transfers into the general fund are primarily to make principal and interest payments on general obligation and clean water debt.

Note 7. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance, as Restated*	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 9,610,993	$ -	$ -	$ 9,610,993
Construction in progress	-	226,310	-	226,310
Total capital assets not being depreciated	9,610,993	226,310	-	9,837,303
Capital assets, being depreciated:				
Buildings and improvements	24,923,321	-	-	24,923,321
Furniture and equipment	7,041,690	268,896	-	7,310,586
Infrastructure	33,406,173	378,096	-	33,784,269
Total capital assets being depreciated	65,371,184	646,992	-	66,018,176
Less accumulated depreciation for:				
Buildings and improvements	4,384,115	526,562	-	4,910,677
Furniture and equipment	2,952,360	359,422	-	3,311,782
Infrastructure	13,375,609	690,150	-	14,065,759
Total accumulated depreciation	20,712,084	1,576,134	-	22,288,218
Total capital assets, being depreciated, net	44,659,100	(929,142)	-	43,729,958
Governmental activities capital assets, net	$ 54,270,093	$ (702,832)	$ -	$ 53,567,261

* *Beginning Infrastructure and Infrastructure Construction in Progress as of July 1, 2006 has been restated to include all infrastructure assets from July 1, 2006 and prior in compliance with GASB 34.*

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

General government	$ 34,086
Public safety	148,699
Public works	800,373
Civic and human service	6,097
Parks and recreation	2,156
Library	63,321
Health and welfare	16,108
Education	505,294
Total depreciation expense	$ 1,576,134

Note 8. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	$ 7,315,000	$ -	$ (600,000)	$ 6,715,000	$ 590,000
Clean water fund notes	3,715,677	-	(588,331)	3,127,346	600,098
Deferred charge on refunding	(401,971)	-	30,921	(371,050)	(30,921)
Total bonds and notes payable	10,628,706	-	(1,157,410)	9,471,296	1,159,177
Other Long-Term Liabilities:					
Capital leases	90,563	-	(32,589)	57,974	36,753
Compensated absences	215,000	9,465	(1,465)	223,000	15,600
Total other long-term liabilities	305,563	9,465	(34,054)	280,974	52,353
Governmental activity long-term liabilities	$ 10,934,269	$ 9,465	$ (1,191,464)	$ 9,752,270	$ 1,211,530

As of June 30, 2007, the outstanding long-term indebtedness of the Town was as follows:

	Outstanding Amount
General Obligation Bonds:	
$1,535,000 General Obligation bond, issued October 1997, interest payable at rates from 4.3% to 5.0%, due in principal amounts ranging from $100,000 to $105,000 annually through 2012.	$ 600,000
$1,800,000 General Obligation bond, issued July 15, 2004, interest payable at rates from 3.875% to 4.5%, due in principal amounts of $90,000 annually through July 2024.	1,620,000
School Bonds:	
$5,720,000 School bond, issued October 21, 2004, interest payable at rates from 2.0% to 4.0%, due in principal amounts ranging from $100,000 to $415,000 annually through 2019.	4,495,000
Clean Water Fund Notes:	
$7,511,895 Clean Water Fund note, issued August 1992, interest payable at 2%, due in principal amounts ranging from $390,195 to $448,212 through 2012.	2,154,880
$1,895,060 Clean Water Fund note, issued May 1994, interest payable at 2%, due in principal amounts ranging from $107,885 to $123,926 through 2012.	595,803
$1,133,393 Clean Water Fund note, issued November 1995, interest payable at 2%, due in principal amounts ranging from $67,405 to $78,951 through 2012.	376,663
Total general obligation bonds and notes payable	$ 9,842,346

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

	Principal	Interest	Total
2008	$ 1,190,098	$ 312,105	$ 1,502,203
2009	1,202,100	279,466	1,481,566
2010	1,204,341	245,575	1,449,916
2011	1,214,721	209,907	1,424,628
2012	1,221,086	177,439	1,398,525
2013	565,000	142,083	707,083
2014	465,000	122,295	587,295
2015	460,000	105,570	565,570
2016	455,000	89,077	544,077
2017	450,000	72,758	522,758
2018	440,000	56,108	496,108
2019	435,000	39,338	474,338
2020	90,000	21,803	111,803
2021	90,000	18,000	108,000
2022	90,000	14,119	104,119
2023	90,000	10,125	100,125
2024	90,000	6,075	96,075
2025	90,000	2,025	92,025
	$ 9,842,346	$ 1,923,868	$ 11,766,214

Prior Year's Debt Defeasance

In prior years, the Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assts and the liability for the defeased bonds are not included in the basic financial statements. At June 30, 2007, the Town's portion of bonds outstanding that are considered defeased is approximately $4.1 million.

Bonds authorized but unissued

Total authorized but unissued debt at June 30, 2007 relating to capital projects is as follows:

General Purpose	$ 500,000
Schools	8,550,940
	$ 9,050,940

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 established by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Indebtedness	Balance
General purpose	$ 47,910,035	$ 2,720,000	$ 45,190,035
Schools	95,820,071	13,045,940	82,774,131
Sewers	79,850,059	3,127,347	76,722,712
Urban renewal	69,203,384	-	69,203,384
Pension deficit	63,880,047	-	63,880,047

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or $149,053,443. All long-term debt obligations are retired through General Fund appropriations.

Overlapping Debt

Hebron is a member of Regional School District #8 (the "District") which provides education for grades seven through twelve for the Towns of Hebron, Andover and Marlborough. As of June 30, 2007, the Town of Hebron's share will be approximately 52.92% of the remainder, or approximately $16,200,000 of the Regional School District #8's outstanding bonds. These are general obligations of Regional School District #8 and its member towns.

Capital lease obligations

The Town has various capital leases in which they acquire capital assets. Interest rates on these leases range from 4.2% to 5.0%. The capital leases are for various computer equipment and vehicles. The leases are payable in monthly installments through 2010. Original cost and accumulated depreciation at June 30, 2007 of capital assets under such lease agreements are as follows:

Machinery and equipment	$ 176,905
Accumulated depreciation	(134,277)
Net book value	$ 42,628

Future minimum lease payments under capital leases are as follows:

Fiscal Year	
2008	$ 38,811
2009	22,853
2010	1,209
	62,873
Less amount representing interest	4,899
	$ 57,974

Note 9. Employee Retirement Systems

Substantially, all Town employees and Board of Education non-certified employees are eligible to participate in a defined contribution money accumulation pension plan administered by the Town. The Plan is authorized under the Town Charter and can be amended by a vote of the Selectman. This plan is reported as a Pension Trust Fund in this report. All investments are invested and administered by the ING Life Insurance and Annuity Company and are reported at contract value. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

To be eligible to participate in the Plan, the employee must be at least twenty-one years of age and complete one year of service. The Plan does not allow for employee contributions. The Town contributes five percent (5%) of compensation for Board of Education non-certified employees and seven percent (7%) for all Town employees.

Employer contributions become fully vested upon completion of six years of service. Employer contributions to the Plan were $181,528 (net of forfeitures). The Plan does not issue stand-alone financial statements.

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System is considered to be part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the

State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

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 $685,000 for the year ended June 30, 2007.

Note 10. Fund Deficits

The following fund had fund deficits as of June 30, 2007:

Miscellaneous Grants Fund	$2,347

The deficit is expected to be eliminated through transfers from the Town's general fund and from other revenue sources.

Note 11. Contingencies and Commitments

Lawsuits

The Town is currently involved in several litigation matters. In the opinion of the Town's management and legal counsel, the final settlement of these matters will not have a material adverse effect on the financial condition of the Town.

Intermunicipal Agreements and Commitments

Intermunicipal Agreement for Septage Waste Disposal

The Town is party to an intermunicipal agreement for septage waste disposal. The Town of East Hampton has agreed to accept septage from Hebron and four other towns. East Hampton borrowed $837,000 from the State of Connecticut Clean Water Fund to finance improvements to its plant to accommodate septage from the other towns. Each town is committed to paying a portion of the cost of improvements over a twenty-year period. Additionally, operating costs and a utilization fee will also be charged and the agreement may be terminated by either party with notice. The actual amount paid this year for the Town's portion of the improvements was $19,500.

Intermunicipal Agreement for an Equalization Tank and Sewerage Study

The Town is party to an intermunicipal agreement with the Town of Colchester to install an equalization tank at the Prospect Hill Station and to conduct a sewerage study. The total cost of the equalization tank net of State grants received was $372,709 and the cost of the sewerage study net of State grants received is $11,044. The annual payment is based on the cost divided by twenty years times a percentage of Colchester's annual flow. The total revenue received for the year ended June 30, 2007 is $20,050. The agreement is subject to termination.

Regional District #8

The Towns of Hebron, Marlborough and Andover have approved an appropriation of $70,585,000 for Regional School District #8 construction. The project will be eligible for approximately $35,147,000 in State grants. The balance will be bonded and each town will pay its proportionate share of debt to the Regional School District each year. The Regional School District has debt outstanding of approximately $35,326,000 on this project. Hebron's share will be approximately 52.92% of the outstanding debt, or approximately $16,200,000.

Note 12. Risk Management

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

The Town purchases commercial insurance for all risks of loss including blanket and umbrella policies. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

Note 13. Implementation of New Accounting Pronouncement

As allowed under GASB No. 34, the Town elected in 2003 to record infrastructure on a prospective basis. As required at July 1, 2006, the Town restated its beginning net asset balance to include all infrastructure acquired prior to July 1, 2003.

As a result, for the fiscal year beginning July 1, 2006, the following restatement was made to beginning net assets for governmental activities:

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

Governmental activities net assets as of June 30, 2006, as previously reported	$ 33,028,557
Add: infrastructure assets not previously capitalized as of June 30, 2006	31,568,373
Deduct: accumulated depreciation as of June 30, 2006 on above infrastructure assets	(13,285,791)
Governmental activities net assets, restated, as of July 1, 2006	$ 51,311,139

Note 14. Pronouncements Issued, Not Yet Effective

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 standards may have on the financial statements:

- GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," issued June 2004, will be effective for the Town beginning with its year ending June 30, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits, expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.
- Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues," issued September 2006, is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.
- GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, issued December 1, 2006, will be effective for the Town beginning with its fiscal year June 30, 2008, but the liability should be measured at July 1, 2007 so that

beginning net assets can be restated. This Statement identifies the circumstances under which a government would have to estimate its expected outlays for pollution remediation if it knows a site is polluted, if the pollution poses an imminent danger to the public or the environment, if the government has violated a pollution prevention permit or license, if the government has been named as a responsible party for cleaning up the pollution, if the government began to clean up the pollution, and if the government is named in a lawsuit. In addition, it provides disclosure information about their pollution obligations associated with clean-up efforts.

- GASB Statement No. 50, "Pension Disclosures - an Amendment of GASB Statements No. 25 and No. 27," issued May, 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by the Statement amend applicable note disclosure and RSI requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," and No. 27, "Accounting for Pensions by State and Local Governmental Employers," to conform with requirements of Statements No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," and No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This Statement is effective for period beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later.

- GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," issued June, 2007. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, "Basic Financial Statements - and Management's Discussion and analysis - for State and Local Governments." This reference has created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes. An absence of sufficiently specific authoritative guidance that addresses these questions has resulted in inconsistencies in the accounting and financial reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

The following information has been prepared by Bond Counsel in connection with this bond issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.

BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder.

The opinion of Day Pitney LLP with respect to the Bonds will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Hebron
Hebron, Connecticut 06248

We have represented the Town of Hebron, Connecticut as Bond Counsel in connection with the issuance by the Town of $4,300,000 General Obligation Bonds, Issue of 2008, dated as of July 15, 2008.

We have examined a record of proceedings authorizing the Bonds, and based on our examination, we are of the opinion that the Town of Hebron is authorized to issue the Bonds; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds; the Bonds will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Bonds against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate pursuant to Section 12-97 of the General Statutes of Connecticut, Revision of 1958, as amended, and dwelling houses of qualified elderly people of low income taxable at limited amounts pursuant to Section 12-129b of said General Statutes or Public Act No. 06-176.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Bonds will be excluded from gross income for Federal income tax purposes. The representations and agreements also provide that the Bonds are designated or deemed designated as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from gross income for

Federal income tax purposes pursuant to Section 103 of the Code; (2) the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and (3) the Bonds are "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on the record of proceedings authorizing the Bonds, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds 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.

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

Interest Excluded From Gross Income. The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Bonds is excluded from the gross income of the owners thereof for Federal income tax purposes Some of these requirements must be continuously met subsequent to delivery of the Bonds. Failure to comply with any of these requirements may cause the interest on the Bonds to be includable in gross income for Federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Bonds will enter into a Tax Compliance Agreement in connection with the delivery of the Bonds, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Bonds will be excluded from the gross income of the owners thereof for Federal income tax purposes.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and an alternative minimum tax on corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt "private activity bonds" is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds are not "private activity bonds" so that interest on the Bonds will not be treated as a preference item for individuals or corporations in calculating alternative minimum taxable income.

The Code provides, however, that for most corporations 75% of the excess of adjusted current earnings (which includes tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation's alternative minimum tax.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds will be "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Changes in Federal Tax Law. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or

proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds.

ADDITIONAL FEDERAL INCOME TAX MATTERS.

The following is a brief discussion of certain Federal income tax matters with respect to the Bonds under existing statutes. It does not purport to deal with all aspects of Federal taxation that may be relevant to a particular owner of the Bonds. Prospective owners 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 owning and disposing of the Bonds.

As noted above, interest on the Bonds may be taken into account in computing the tax liability of corporations subject to the Federal alternative minimum tax imposed by Section 55 of the Code. Interest on the Bonds may also be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Ownership of the Bonds may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for Federal income tax purposes.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds 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.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the Federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

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

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for Federal income tax purposes. Accrued original issue discount on a bond is also 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. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond 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. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

ORIGINAL ISSUE PREMIUM.

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

The discussion in this paragraph applies to those Bonds having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for Federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce 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. Owners of Bonds having original issue premium, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

* * * * * * * * * * * *

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. No assurance can be given that future Federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other Federal tax law consequences discussed above of owning and disposing of the Bonds. No assurance can be given that future legislation, or amendments to the State income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates.

The information above does not purport to deal with all aspects of Federal or State taxation that may be relevant to particular investors. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of July 17, 2008 by the Town of Hebron, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of $4,300,000 General Obligation Bonds, Issue of 2008, dated as of July 15, 2008 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Final Official Statement" means the official statement of the Issuer dated July 9, 2008 prepared in connection with the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"NRMSIR" means any nationally recognized municipal securities information repository recognized by the SEC from time to time. As of the date of this Agreement the NRMSIRs are:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/rates/municontacts.html
Email: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
http://www.MuniFILINGS.com
Email: nrmsir@dpcdata.com

Interactive Data Pricing and Reference Data, Inc.
Attn: NRMSIR
100 William Street, 15th Floor
New York, NY 10038
Phone: (212) 771-6999; (800) 689-8466
Fax: (212) 771-7390
http://www.interactivedata-prd.com
Email: NRMSIR@interactivedata.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street - 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
http://www.disclosuredirectory.standardandpoors.com
Email: nrmsir_repository@sandp.com

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

"SID" means any state information depository established or designated by the State of Connecticut and recognized by the SEC from time to time. As of the date of this Agreement no SID has been established or designated by the State of Connecticut.

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each NRMSIR and any SID, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2008) as follows:

(i) Financial statements of the Issuer's general, debt management, sewer assessment, capital projects and other governmental funds, if any, and pension trust or agency funds, if any, for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) The following financial information and operating data to the extent not included in the financial statements described in (i) above:

(A) amounts of the gross and the net taxable grand list applicable to the fiscal year,

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

(C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,

(D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,

(E) calculation of total direct debt, net direct debt, and total overall net debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,

(F) net long term debt of the Issuer per capita and the ratio of net long term debt per capita to per capita income,

(G) ratios of the total net long term debt of the Issuer to the net taxable grand list and to the estimated full value of the taxable grand list,

(H) statement of statutory debt limitation as of the close of the fiscal year, and

(I) funding status of the Issuer's pension benefit obligation.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Issuer's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously provided to each NRMSIR and any SID, or filed with the SEC. If the document to be referenced is a final official statement, it must be available from the MSRB. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

Section 3. Material Events.

The Issuer agrees to provide or cause to be provided, in a timely manner, to (i) each NRMSIR or the MSRB and (ii) any SID, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(g) modifications to rights of holders of the Bonds;

(h) Bond calls;

(i) Bond defeasances;

(j) release, substitution, or sale of property securing repayment of the Bonds; and

(k) rating changes.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Issuer agrees to provide or cause to be provided, in a timely manner, to (i) each NRMSIR or the MSRB and (ii) any SID, notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

Section 6. Termination.

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Finance Director, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Finance Director is Town Hall, 15 Gilead Street, P.O. Box 156, Hebron, Connecticut 06248.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the Issuer 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 of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, 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) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rules as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with (i) the NRMSIRs or the MSRB and (ii) any SID. The

annual financial information 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 operating or financial information provided.

(d) Any filing under this Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council ("MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to MAC dated September 7, 2004.

TOWN OF HEBRON

By _____
Gayle J. Mulligan
Vice Chairman of the Board of Selectmen

By _____
Jared S.A. Clark
Town Manager

By _____
Michael S. Hillsberg
Treasurer

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Appendix D – Notice of Sale

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NOTICE OF SALE
$4,300,000
Town of Hebron, Connecticut
General Obligation Bonds
(BOOK-ENTRY)

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Hebron, Connecticut at Webster Bank, National Association, CityPlace II, 3rd Floor Conference Room, 185 Asylum Street, Hartford, Connecticut until **11:30 A.M. (Eastern Daylight Time) on WEDNESDAY,**

JULY 9, 2008

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

$4,300,000 General Obligation Bonds, Issue of 2008
Payable annually on July 15 as follows:

$290,000 in 2009 through 2013
$285,000 in 2014 through 2023

The Bonds will be dated July 15, 2008, with interest payable on January 15, 2009 and thereafter semiannually on each July 15th and January 15th.

The Bonds will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts.

DTC Book Entry. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of $5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. 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. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the last business day of December and June.

Redemption. Bonds maturing after July 15, 2018 are subject to redemption prior to maturity, at the option of the Town, on or after July 15, 2018, at any time, either in whole or in part, in such amounts and in such order

of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

Period During Which Redeemed	Redemption Price
July 15, 2018 and thereafter	100.0%

Proposals. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium, and must specify in a multiple of one-twentieth or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than two (2%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Sealed Proposals Bidding Procedure. All proposals for the purchase of Bonds shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Hebron Bonds." All proposals should be addressed to Mr. Jared S.A. Clark, Town Manager, Town of Hebron, c/o Webster Bank, National Association, CityPlace II, 185 Asylum Street, 3rd Floor Conference Room, Hartford, Connecticut 06103-3494.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Bonds must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone PARITY® at (212)

849-5021. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice and the form of Proposal for Bonds.

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to July 15, 2008, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. the Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and the Bonds are "qualified tax-exempt obligations"; and (3) 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 interest on the Bonds 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.

Official Statement. The Town of Hebron has prepared a preliminary Official Statement for the Bond issue which is dated June 25, 2008. The Town deems such preliminary 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 winning purchaser 75 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Webster Bank, National Association, Hartford, Connecticut by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement for Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2 12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It is anticipated that the Town will apply for CUSIP numbers for the Bonds prior to delivery. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Reoffering Prices. IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE BONDS THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF EACH MATURITY OF THE BONDS WERE SOLD.

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about July 17, 2008 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Ms. Christine R. Caruolo, Assistant Vice President, Webster Bank, National Association, CityPlace II, 185 Asylum Street, Government Finance, Hartford, Connecticut 06103-3494 (telephone: (860) 692-1711) or from Mr. Michael S. Hillsberg, Finance Director/Treasurer, Town of Hebron, Town Office Building, 15 Gilead Street, Hebron, Connecticut 06248 (telephone: (860) 228-5971).

GAYLE J. MULLIGAN,
Vice Chairman of the Board of Selectmen

JARED S.A. CLARK,
Town Manager

MICHAEL S. HILLSBERG,
Treasurer

June 25, 2008

PROPOSAL FOR BONDS

July 9, 2008

Mr. Jared S.A. Clark
Town Manager
Town of Hebron
c/o Webster Bank, National Association
CityPlace II, 185 Asylum Street
Government Finance
3rd Floor Conference Room
Hartford, Connecticut 06103-3494

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated June 25, 2008 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of $4,300,000 General Obligation Bonds, Issue of 2008, of the Town of Hebron described in said Notice of Sale, and to pay therefor the price of par plus a premium of $_____ plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

Year of Maturity	Amount	Interest Rate	Year of Maturity	Amount	Interest Rate
2009	$290,000	_____%	2017	$285,000	_____%
2010	$290,000	_____%	2018	$285,000	_____%
2011	$290,000	_____%	2019	$285,000	_____%
2012	$290,000	_____%	2020	$285,000	_____%
2013	$290,000	_____%	2021	$285,000	_____%
2014	$285,000	_____%	2022	$285,000	_____%
2015	$285,000	_____%	2023	$285,000	_____%
2016	$285,000	_____%			

We acknowledge receipt of the Official Statement referred to in the Notice of Sale.

Name of Bidder: _____

Address of Bidder: _____

_____

Signature of Officer or
Authorized Agent of Bidder: _____

Telephone Number: _____

The following is our computation of the percentage of true interest cost, made as provided in the above mentioned Notice of Sale, and certain other information, which is not part of the foregoing proposal.

Percent of True Interest Cost _____% (four decimals)

Gross Interest $_____

Accrued Interest from July 15, 2008
to July 17, 2008 $_____

Premium $_____

TOWN OF HEBRON, CONNECTICUT
$4,300,000 GENERAL OBLIGATION BONDS, ISSUE OF 2008
BOOK-ENTRY-ONLY

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