
ANNUAL FINANCIAL REPORT

OF THE

TOWN OF EAST HAVEN, CONNECTICUT

FOR THE YEAR ENDED
JUNE 30, 2008

TOWN OF EAST HAVEN, CONNECTICUT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008
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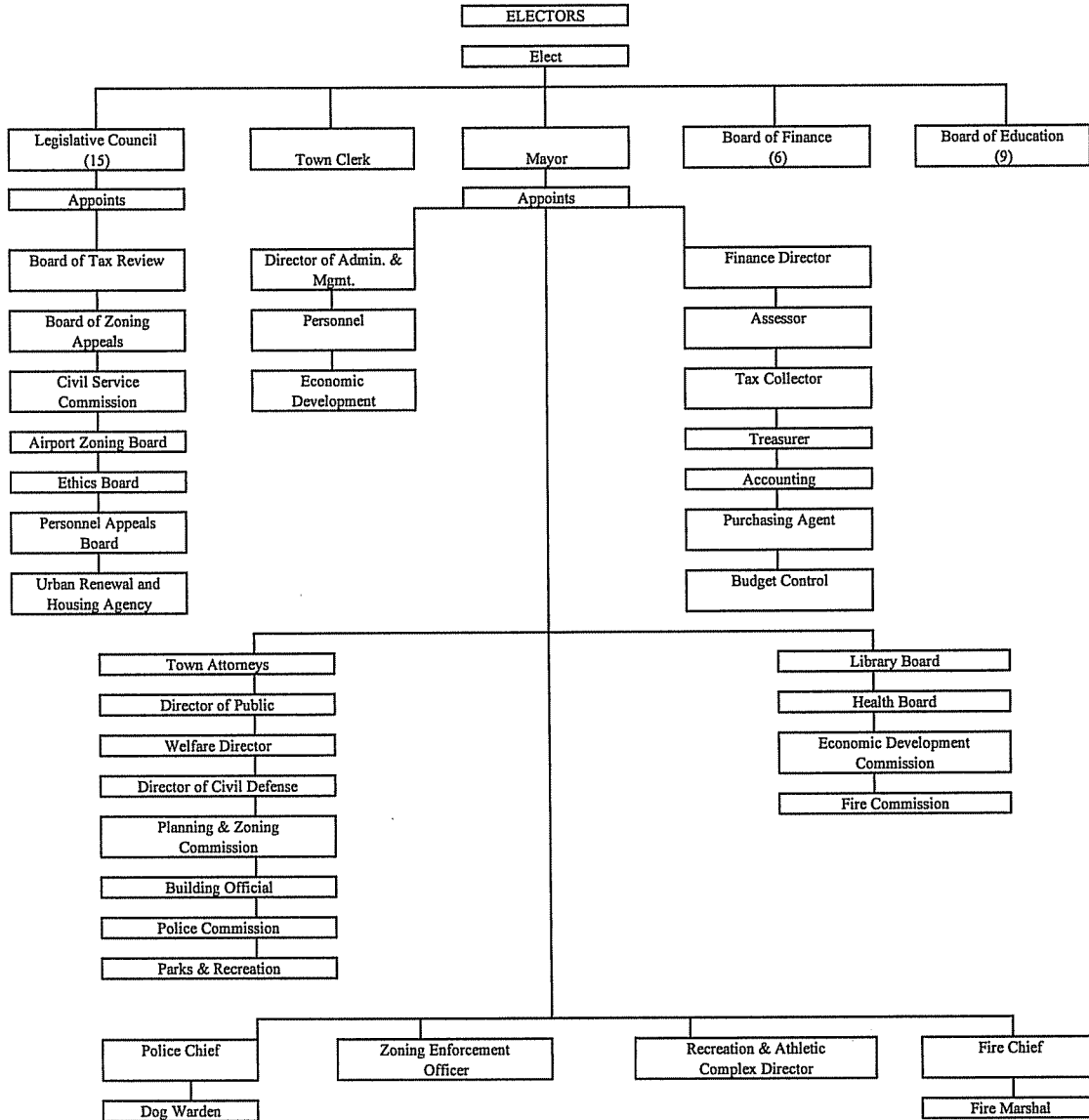
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Introductory Section

TOWN OF EAST HAVEN, CONNECTICUT

ORGANIZATIONAL CHART



Financial Section

INDEPENDENT AUDITORS' REPORT

Town Council
Town of East Haven
East Haven, 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 East Haven, Connecticut, as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic 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 East Haven, Connecticut, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 23, 2009, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis on pages 4 through 10 is not a required part of the basic financial statements but is supplementary information required by Governmental Accounting Standards Board. 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.



Town of East Haven, Connecticut
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Haven, Connecticut's basic financial statements. The introductory section and the accompanying financial information listed as supplemental schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other schedules as listed in the table of contents 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 trend information 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.

Kostin, Ruffkess & Company, LLC

Farmington, Connecticut
April 23, 2009



FINANCE DEPARTMENT

PAUL S. RIZZA

Director of Finance

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2008

As management of the Town of East Haven, we offer readers of the Town of East Haven's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2008.

Financial Highlights

- On a government-wide basis, the Town's net assets decreased by \$6,313,145 for the fiscal year. The most significant reason for the decrease was due to non-capitalized capital project expenditures, lower revenues than projected in the general fund, and increase in workers' compensation claims and related liabilities.
- The Town's net assets totaled \$55,494,787 at June 30, 2008. Of this amount, \$15,914,574 is available (unrestricted) to finance ongoing programs.
- At year end the unreserved and undesignated fund balance for the general fund was \$153,656 or .17% of total general fund expenditures and transfers out.
- The Town's total long-term debt decreased by \$5,600,871, due to scheduled debt service payments.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of East Haven's basic financial statements. The Town of East Haven's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of East Haven's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The government-wide financial statements present only governmental activities whose functions are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include general government, public safety, public works, culture and recreation, health and welfare, and education.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of East Haven uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town'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 Town'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 42 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 service fund, and capital improvements 2007 fund, which are considered to be major funds. Data from the other 39 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in Schedules 4 and 5 of this report.

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions.

The Town uses internal service funds to account for its self-insured workers' compensation, medical benefits and other claims. These activities have been included within governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic 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.

Other information. The combining statements and supplemental schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to basic financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$55,494,787 at the close of the fiscal year.

**TOWN OF EAST HAVEN, CONNECTICUT
NET ASSETS**

| | Governmental Activities | |
|---|--------------------------------|----------------------|
| | 2008 | 2007 |
| Current and other assets..... | \$ 37,924,283 | \$ 45,923,322 |
| Capital assets (net)..... | 92,250,259 | 92,271,530 |
| Total assets..... | 130,174,542 | 138,194,852 |
| Current liabilities..... | 22,715,049 | 18,527,551 |
| Long-term liabilities..... | 51,964,706 | 57,859,369 |
| Total liabilities..... | 74,679,755 | 76,386,920 |
| Net assets: | | |
| Invested in capital assets, net of related debt.... | 37,516,717 | 32,585,690 |
| Restricted..... | 2,063,496 | 2,293,639 |
| Unrestricted..... | 15,914,574 | 26,928,603 |
| TOTAL NET ASSETS..... | \$ 55,494,787 | \$ 61,807,932 |

The largest portion of the Town's net assets (67.6%) reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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.

An additional portion of the Town's net assets (3.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets in the amount of \$15,914,574 may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental activities. Already noted was the statement of activities' purpose in presenting information in how the Town's net assets changed during the most recent fiscal year. For the fiscal year, net assets decreased \$6,313,145. The most significant reason for the decrease is due to non-capitalized capital project expenditures, lower revenues than projected in the general fund, and increase in workers' compensation claims and related liabilities.

**TOWN OF EAST HAVEN, CONNECTICUT
CHANGE IN NET ASSETS**

| | Governmental Activities | |
|--|--------------------------------|----------------------|
| | 2008 | 2007 |
| <u>REVENUES:</u> | | |
| Program revenues: | | |
| Charges for services..... | \$ 3,760,474 | \$ 4,507,678 |
| Operating grants and contributions..... | 33,285,847 | 23,416,379 |
| Capital grants and contributions..... | 462,595 | 560,949 |
| General revenues: | | |
| Property taxes..... | 49,901,476 | 47,962,038 |
| Grants and contributions not restricted to specific programs..... | 1,203,035 | 1,442,446 |
| Investment income..... | 407,672 | 1,217,950 |
| Miscellaneous..... | 68,023 | 48,256 |
| TOTAL REVENUES..... | 89,089,122 | 79,155,696 |
| <u>EXPENSES:</u> | | |
| General government..... | 5,517,911 | 5,501,604 |
| Public safety..... | 14,949,291 | 12,710,019 |
| Public works..... | 8,709,675 | 8,281,435 |
| Culture and recreation..... | 2,506,521 | 2,389,974 |
| Health and welfare..... | 1,487,119 | 1,553,644 |
| Education..... | 59,780,686 | 48,310,573 |
| Interest expense..... | 2,451,064 | 2,459,162 |
| TOTAL EXPENSES..... | 95,402,267 | 81,206,411 |
| INCREASE (DECREASE) IN NET ASSETS... | (6,313,145) | (2,050,715) |
| NET ASSETS - JULY 1..... | 61,807,932 | 63,858,647 |
| NET ASSETS - JUNE 30..... | \$ 55,494,787 | \$ 61,807,932 |

Governmental Activities - Revenues

The significant changes in revenues for governmental activities for the fiscal year ended June 30, 2008, were as follows:

- Charges for services decreased \$747,204 due substantially to a decrease in real estate transactions, and therefore, related town clerk fees, and building permits.
- Operating grants and contributions increased \$9,869,468 due to an increase in on-behalf payments for teacher retirement benefits.
- Property taxes increased by \$1,939,438 due to an increase in the tax levy to support operations.
- Investment income decreased by \$810,278 due to the decrease in interest rates and less available cash to invest.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Governmental Activities - Expenses

The significant changes in expenses for governmental activities for the fiscal year ended June 30, 2008, were as follows:

- Public safety expenses increased by \$2,239,272. This is due to increases in police overtime and the allocation of employee benefits and related costs to the public safety function.
- Education expenses increased by \$11,470,113 due to increases in salaries and benefits, and the on-behalf amounts to the state teachers' retirement fund, note above.

Financial Analysis of the Town's Funds

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 Town's net resources available for spending at the end of the fiscal year.

The combined fund balances of governmental funds for the fiscal year ended June 30, 2008, is \$1,786,603 including a reserve for endowments in the amount of \$100,000. The unreserved and undesignated portion consists of the general fund in the amount of \$153,656, the special revenue funds of \$838,546, the debt service fund of \$2,619,081, the capital projects funds of \$(4,638,176), and the permanent funds of \$1,963,496 for a total of \$936,603.

General Fund

The general fund is the operating fund of the Town. The fund balance of the general fund decreased by \$3,187,370 for the fiscal year. Revenues increased by \$11,184,276, with tax revenues at \$50,312,609. Charges for services decreased by \$251,549 and investment income decreased by \$261,457. Intergovernmental revenues increased by \$9,489,943.

The total final budget was not amended from the original approved budget during the year. Significant changes in the budget from the originally adopted amounts were as follows:

- Legal budget increased by \$100,200 for expenses related to various ongoing litigation including Tweed Airport.
- Police Department budget increased by \$486,596 due to police overtime.
- General services decreased \$793,418 due substantially to lower electricity rates and the transfer of amounts from contingency to other accounts.

Debt Service Fund

The debt service fund's net change in fund balance was a decrease of \$434,681 for the fiscal year. This is a result of debt service costs of the sewer bonds greater than investment income earned by the fund.

Capital Improvements 2007

This fund's net change in fund balance was a decrease of \$586,149 for the fiscal year. The fund balance of this fund was \$(1,697,825) due to expenditures incurred before the issuance of bonds to fund these projects.

Capital Assets and Debt Administration

At June 30, 2008, the Town of East Haven's investment in capital assets for its governmental activities was \$92,250,259 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles and infrastructure (roads, sidewalks and bridges). The net decrease in the Town's investment in capital assets for the current fiscal year was \$21,271.

The most significant changes included the following:

- The completion of road reconstruction projects totaling \$1,952,258.
- Various improvements related to the Main Street Development were completed.

**TOWN OF EAST HAVEN, CONNECTICUT
CAPITAL ASSETS - NET**

| | Governmental Activities | |
|-------------------------------|--------------------------------|----------------------|
| | 2008 | 2007 |
| Land..... | \$ 2,244,990 | \$ 2,244,990 |
| Construction in progress..... | 300,848 | 1,135,061 |
| Land improvements..... | 2,989,633 | 2,228,351 |
| Buildings..... | 48,044,385 | 48,995,160 |
| Building improvements..... | 3,258,829 | 3,294,359 |
| Machinery and equipment..... | 3,197,176 | 3,410,807 |
| Vehicles..... | 2,101,442 | 2,084,541 |
| Infrastructure..... | 30,112,956 | 28,878,261 |
| TOTAL..... | \$ 92,250,259 | \$ 92,271,530 |

Additional information on the Town's capital assets can be found in Note III.C.

Long-term Debt

For the year ended June 30, 2008, the Town's long-term debt decreased by \$5,600,871 due to scheduled principal payments. At the end of the current fiscal year, the Town had total bonded and loan debt outstanding of \$52,275,000. Of this amount, \$14,950,966 will be funded from state grants resulting in net outstanding debt in the amount of \$37,324,034, which is backed by the full faith and credit of the Town of East Haven.

Long-term Debt (Continued)

**TOWN OF EAST HAVEN
OUTSTANDING LONG-TERM DEBT**

| | Governmental Activities | |
|-----------------------|------------------------------------|----------------------|
| | 2008 | 2007 |
| General purpose bonds | \$ 19,738,620 | \$ 21,561,558 |
| School bonds | 29,656,380 | 33,143,442 |
| Sewer | 2,880,000 | 3,240,000 |
| Total | <u>\$ 52,275,000</u> | <u>\$ 57,945,000</u> |

The Town maintains an "A3" rating from Moody's and an "A" from Standard and Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 ¼ to 4 ½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town is \$352,517,375, which is significantly in excess of the Town's outstanding general obligation debt.

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

Next Year's Budgets and Rates

Town officials considered many factors when setting the fiscal year 2009 budget. The Town decided that it was important to continue the support of the school system and adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the budget, the Town recognized the need to continue its pattern of conservative budgeting while at the same time providing excellent services to its residents and taxpayers.

The 2009 general fund budget was \$81,190,601, an increase of 1.96% over the prior year. There was a minimal increase in non-tax revenue over the 2008 budget of \$1,702,984.

Requests for Information

This financial report is designed to familiarize the Town's citizens, taxpayers and customers with the Town's finances and to demonstrate the Town's fiscal accountability for its operation. Questions concerning this report, or request for additional financial information, should be directed to Mr. Paul S. Rizza, Director of Finance, Town of East Haven, 250 Main Street, East Haven, Connecticut 06512.

Basic Financial Statements

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2008

| | GOVERNMENTAL ACTIVITIES |
|---|----------------------------|
| <u>ASSETS</u> | |
| Current assets: | |
| Cash..... | \$ 2,918,585 |
| Investments..... | 11,761,783 |
| Receivables: | |
| Property taxes..... | 1,037,038 |
| Intergovernmental..... | 2,745,871 |
| Other..... | 545,757 |
| Other..... | 38,787 |
| Total current assets..... | 19,047,821 |
| Noncurrent assets: | |
| Restricted assets: | |
| Temporarily restricted: | |
| Cash..... | 27,790 |
| Investments..... | 1,935,706 |
| Permanently restricted: | |
| Investments..... | 100,000 |
| Total restricted assets..... | 2,063,496 |
| Receivables (net): | |
| Property taxes..... | 1,309,461 |
| Intergovernmental..... | 15,471,844 |
| Total receivables (net)..... | 16,781,305 |
| Other noncurrent assets..... | 31,661 |
| Capital assets (net of accumulated depreciation): | |
| Land..... | 2,244,990 |
| Construction in progress..... | 300,848 |
| Land improvements..... | 2,989,633 |
| Buildings..... | 48,044,385 |
| Building improvements..... | 3,258,829 |
| Machinery and equipment..... | 3,197,176 |
| Vehicles..... | 2,101,442 |
| Infrastructure..... | 30,112,956 |
| Total capital assets (net of accumulated depreciation)..... | 92,250,259 |
| Total noncurrent assets..... | 111,126,721 |
| TOTAL ASSETS..... | 130,174,542 |
| | (Continued) |

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

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2008

| | GOVERNMENTAL ACTIVITIES |
|--|----------------------------|
| <u>LIABILITIES</u> | |
| LIABILITIES: | |
| Current liabilities: | |
| Accounts payable..... | \$ 6,449,240 |
| Accrued payroll..... | 4,335,076 |
| Accrued interest payable..... | 725,865 |
| Unearned revenue..... | 594,518 |
| Bond anticipation notes..... | 2,875,000 |
| Bonds and notes payable..... | 5,945,000 |
| Compensated absences..... | 1,528,350 |
| Capital leases payable..... | 262,000 |
| Total current liabilities..... | 22,715,049 |
| Noncurrent liabilities: | |
| Bonds, notes and related liabilities..... | 45,756,461 |
| Compensated absences..... | 6,113,401 |
| Landfill closure and postclosure care..... | 94,844 |
| Total noncurrent liabilities..... | 51,964,706 |
| TOTAL LIABILITIES..... | 74,679,755 |
| <u>NET ASSETS</u> | |
| Invested in capital assets, net of related debt..... | 37,516,717 |
| Restricted for: | |
| Endowments: | |
| Nonexpendable..... | 100,000 |
| Expendable..... | 1,963,496 |
| Unrestricted..... | 15,914,574 |
| TOTAL NET ASSETS..... | \$ 55,494,787 |

(Concluded)

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

EXHIBIT B

TOWN OF EAST HAVEN, CONNECTICUT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | | NET REVENUE (EXPENSES) AND CHANGES IN NET ASSETS |
|---|----------------------|-------------------------|--|--|---|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | |
| GOVERNMENTAL ACTIVITIES: | | | | | |
| General government..... | \$ 5,517,911 | \$ 1,145,877 | \$ 49,791 | \$ | \$ (4,322,243) |
| Public safety..... | 14,949,291 | 784,725 | 168,099 | | (13,996,467) |
| Public works..... | 8,709,675 | 266,067 | 549,035 | 462,595 | (7,431,978) |
| Culture and recreation..... | 2,506,521 | 500,184 | 25,765 | | (1,980,572) |
| Health and welfare..... | 1,487,119 | 214,861 | 27,641 | | (1,244,617) |
| Education..... | 59,780,686 | 848,760 | 32,465,516 | | (26,466,410) |
| Interest expense..... | 2,451,064 | | | | (2,451,064) |
| TOTAL..... | \$ 95,402,267 | \$ 3,760,474 | \$ 33,285,847 | \$ 462,595 | \$ (57,893,351) |
| GENERAL REVENUES: | | | | | |
| Property taxes..... | | | | | \$ 49,901,476 |
| Grants and contributions not restricted to specific programs..... | | | | | 1,203,035 |
| Investment income..... | | | | | 407,672 |
| Miscellaneous..... | | | | | 68,023 |
| TOTAL GENERAL REVENUES | | | | | 51,580,206 |
| CHANGE IN NET ASSETS..... | | | | | (6,313,145) |
| NET ASSETS - JULY 1, 2007..... | | | | | 61,807,932 |
| NET ASSETS - JUNE 30, 2008..... | | | | | \$ 55,494,787 |

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

TOWN OF EAST HAVEN, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

| | GENERAL | DEBT SERVICE FUND | CAPITAL IMPROVEMENTS 2007 | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|----------------------|----------------------|---------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash..... | \$ 849,293 | \$ 24,144 | | \$ 812,267 | \$ 1,685,704 |
| Investments..... | 3,714,382 | 2,614,977 | | 2,035,706 | 8,365,065 |
| Receivables: | | | | | |
| Property taxes..... | 2,184,056 | | | | 2,184,056 |
| Intergovernmental..... | 5,890 | | | 376,361 | 382,251 |
| Other..... | 485,331 | | | 8,062 | 493,393 |
| Due from other funds..... | 4,022,098 | | | 1,175,627 | 5,197,725 |
| Other..... | | | | 38,787 | 38,787 |
| TOTAL ASSETS..... | \$ 11,261,050 | \$ 2,639,121 | \$ - | \$ 4,446,810 | \$ 18,346,981 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES: | | | | | |
| Accounts payable..... | 2,091,027 | \$ | 6,634 | \$ 604,542 | \$ 2,702,203 |
| Accrued payroll..... | 4,160,677 | | | \$ 174,399.00 | 4,335,076 |
| Due to other funds..... | 1,619,515 | 20,040 | 541,191 | 1,966,902 | 4,147,648 |
| Deferred and unearned revenue..... | 2,486,175 | | | 14,276 | 2,500,451 |
| Bond anticipation notes..... | | | 1,150,000 | 1,725,000 | 2,875,000 |
| TOTAL LIABILITIES..... | 10,357,394 | 20,040 | 1,697,825 | 4,485,119 | 16,560,378 |
| FUND BALANCES: | | | | | |
| Reserved for: | | | | | |
| Endowments..... | | | | 100,000 | 100,000 |
| Unreserved, reported in: | | | | | |
| Designated for subsequent year budget..... | 750,000 | | | | 750,000 |
| General fund..... | 153,656 | | | | 153,656 |
| Special revenue funds..... | | | | 838,546 | 838,546 |
| Debt service funds..... | | 2,619,081 | (1,697,825) | (2,940,351) | 2,619,081 |
| Capital projects funds..... | | | | 1,963,496 | (4,638,176) |
| Permanent funds..... | | | | | 1,963,496 |
| TOTAL FUND BALANCES..... | 903,656 | 2,619,081 | (1,697,825) | (38,309) | 1,786,603 |
| TOTAL LIABILITIES AND FUND BALANCES..... | \$ 11,261,050 | \$ 2,639,121 | \$ - | \$ 4,446,810 | \$ 18,346,981 |

(Continued)

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

TOWN OF EAST HAVEN, CONNECTICUT

RECONCILIATION OF FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET. THE DETAILS OF THIS DIFFERENCE ARE AS FOLLOWS:

| | | |
|--|----|-----------|
| TOTAL FUND BALANCES (EXHIBIT C, PAGE 1)..... | \$ | 1,786,603 |
|--|----|-----------|

CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

| | | |
|-----------------------------------|--|-------------|
| Beginning net capital assets..... | | 92,271,530 |
| Capital assets additions..... | | 2,460,821 |
| Depreciation expense..... | | (2,482,092) |

OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS:

| | | |
|---|--|-------------|
| School building grant receivable..... | | 17,835,464 |
| Property tax interest and lien accrual..... | | 1,562,443 |
| Property tax receivable - accrual basis change..... | | 1,905,933 |
| Allowance for doubtful accounts..... | | (1,400,000) |
| Other assets..... | | 31,661 |

INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COST OF MEDICAL INSURANCE BENEFITS TO INDIVIDUAL DEPARTMENTS:

| | | |
|--|--|-----------|
| The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets..... | | 1,948,345 |
|--|--|-----------|

SOME LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

| | | |
|--|--|--------------|
| Bonds and notes payable..... | | (52,275,000) |
| Deferred charge on refunding..... | | 573,539 |
| Compensated absences..... | | (7,641,751) |
| Capital leases..... | | (262,000) |
| Landfill closure and postclosure care..... | | (94,844) |
| Accrued interest payable..... | | (725,865) |

| | | |
|--|----|-------------------|
| NET ASSETS OF GOVERNMENTAL ACTIVITIES..... | \$ | <u>55,494,787</u> |
|--|----|-------------------|

(Concluded)

EXHIBIT D

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | GENERAL FUND | DEBT SERVICE FUND | CAPITAL IMPROVEMENTS 2007 | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|--------------------|----------------------|---------------------------------|--------------------------------|--------------------------------|
| REVENUES: | | | | | |
| Property taxes..... | \$ 50,312,609 | \$ | \$ | | \$ 50,312,609 |
| Charges for services..... | 2,103,998 | | | 1,656,476 | 3,760,474 |
| Intergovernmental..... | 33,042,178 | | | 4,202,737 | 37,244,915 |
| Investment income..... | 393,890 | 37,371 | | 38,538 | 469,819 |
| Change in fair value of investments..... | | 19,258 | | (140,586) | (121,328) |
| Contributions..... | | | | 79,216 | 79,216 |
| Other..... | 39,663 | | | 28,360 | 68,023 |
| TOTAL REVENUES..... | 85,892,338 | 56,629 | - | 5,864,761 | 91,813,728 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government..... | 2,312,421 | | | 766,722 | 3,079,143 |
| Public safety..... | 9,668,608 | | | 209,159 | 9,877,767 |
| Public works..... | 5,175,415 | | | 202,445 | 5,377,860 |
| Culture and recreation..... | 1,240,384 | | | 907,544 | 2,147,928 |
| Health and welfare..... | 924,737 | | | 62,615 | 987,352 |
| Employee benefits and insurance..... | 6,866,143 | | | | 6,866,143 |
| Education..... | 52,792,124 | | | 4,371,224 | 57,163,348 |
| General services..... | 1,865,617 | | | | 1,865,617 |
| Debt service: | | | | | |
| Principal..... | 5,310,000 | 360,000 | | | 5,670,000 |
| Interest..... | 2,260,235 | 131,310 | | | 2,391,545 |
| Capital outlay..... | | | 586,149 | 2,896,172 | 3,482,321 |
| TOTAL EXPENDITURES..... | 88,415,684 | 491,310 | 586,149 | 9,415,881 | 98,909,024 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES..... | (2,523,346) | (434,681) | (586,149) | (3,551,120) | (7,095,296) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in..... | | | | 664,024 | 664,024 |
| Transfers out..... | (664,024) | | | | (664,024) |
| NET OTHER FINANCING SOURCES (USES)..... | (664,024) | - | - | 664,024 | - |
| NET CHANGE IN FUND BALANCES..... | (3,187,370) | (434,681) | (586,149) | (2,887,096) | (7,095,296) |
| FUND BALANCES, JULY 1, 2007..... | 4,091,026 | 3,053,762 | (1,111,676) | 2,848,787 | 8,881,899 |
| FUND BALANCES, JUNE 30, 2008..... | \$ 903,656 | \$ 2,619,081 | \$ (1,697,825) | \$ (38,309) | \$ 1,786,603 |

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

TOWN OF EAST HAVEN, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
(EXHIBIT B) ARE DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ (7,095,296)

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:

| | |
|---------------------------|-------------|
| Capital outlay..... | 2,460,821 |
| Depreciation expense..... | (2,482,092) |

| | |
|-------------|----------|
| Total | (21,271) |
|-------------|----------|

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

| | |
|---|-------------|
| School building grant receipts..... | (2,372,654) |
| Change in property tax receivable - accrual basis change..... | (21,275) |
| Change in property tax interest and lien revenue..... | (389,858) |

| | |
|-------------|-------------|
| Total | (2,783,787) |
|-------------|-------------|

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 these differences in the treatment of long-term debt and related items are as follows:

| | |
|-------------------------------|-----------|
| Debt issued or incurred: | |
| Other..... | 33,327 |
| Principal repayments: | |
| General obligation bonds..... | 5,670,000 |
| Capital lease..... | 246,508 |

| | |
|-------------|-----------|
| Total | 5,949,835 |
|-------------|-----------|

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

| | |
|--|-----------------------|
| Compensated absences..... | \$ (304,010) |
| Accrued interest payable..... | 11,276 |
| Amortization of deferred charges..... | (69,129) |
| Other..... | <u>(1,666)</u> |
| Total | <u>(363,529)</u> |
| Internal Service Funds are used by management to charge costs of medical insurance benefits to individual departments..... | <u>(2,058,278)</u> |
| The net revenue of the activities of the Internal Service Fund is reported with governmental activities..... | <u>59,181</u> |
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B) | <u>\$ (6,313,145)</u> |
| | (Concluded) |

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|---|--------------------|-----------------|---------------|-------------------------------------|
| REVENUES: | | | | |
| Property taxes..... | \$ 51,624,881 | \$ 51,624,881 | \$ 50,312,609 | \$ (1,312,272) |
| Intergovernmental..... | 24,059,965 | 24,059,965 | 22,602,666 | (1,457,299) |
| Investment income..... | 625,000 | 625,000 | 393,890 | (231,110) |
| Charges for services..... | 2,532,539 | 2,532,539 | 2,103,998 | (428,541) |
| Other..... | 154,609 | 154,609 | 39,663 | (114,946) |
| TOTAL REVENUES..... | 78,996,994 | 78,996,994 | 75,452,826 | (3,544,168) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government..... | 2,225,139 | 2,426,617 | 2,312,421 | 114,196 |
| Public safety..... | 9,179,523 | 9,711,519 | 9,668,608 | 42,911 |
| Highways and engineering..... | 2,203,584 | 2,203,584 | 2,177,396 | 26,188 |
| Sanitation and maintenance..... | 3,150,642 | 3,200,142 | 2,998,019 | 202,123 |
| Health and welfare..... | 978,398 | 978,398 | 924,737 | 53,661 |
| Culture and recreation..... | 1,302,143 | 1,301,143 | 1,240,384 | 60,759 |
| Employee benefits and insurance..... | 7,269,138 | 7,189,638 | 6,866,143 | 323,495 |
| Education..... | 42,352,612 | 42,352,612 | 42,352,612 | - |
| General services..... | 2,792,500 | 1,999,082 | 1,865,617 | 133,465 |
| Debt service..... | 7,479,291 | 7,570,235 | 7,570,235 | - |
| TOTAL EXPENDITURES..... | 78,932,970 | 78,932,970 | 77,976,172 | 956,798 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.. | 64,024 | 64,024 | (2,523,346) | (2,587,370) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Appropriation of fund balance..... | 600,000 | 600,000 | - | (600,000) |
| Transfers out..... | (664,024) | (664,024) | (664,024) | - |
| NET OTHER FINANCING SOURCES (USES)..... | (64,024) | (64,024) | (664,024) | (600,000) |
| NET CHANGE IN FUND BALANCE..... | \$ - | \$ - | (3,187,370) | \$ (3,187,370) |
| FUND BALANCE - JULY 1, 2007..... | | | 4,091,026 | |
| FUND BALANCE - JUNE 30, 2008..... | | | \$ 903,656 | |

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

EXHIBIT G

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2008

| <u>ASSETS</u> | |
|-----------------------------------|----------------------------|
| Cash..... | \$ 1,260,671 |
| Investments..... | 5,432,424 |
| Accounts receivable..... | 52,364 |
| Due from other funds..... | <u>443,888</u> |
| TOTAL ASSETS..... | <u>7,189,347</u> |
| <u>LIABILITIES</u> | |
| Claims and judgments payable..... | 3,747,037 |
| Due to other funds..... | <u>1,493,965</u> |
| TOTAL LIABILITIES..... | <u>5,241,002</u> |
| <u>NET ASSETS</u> | |
| Unrestricted..... | <u><u>\$ 1,948,345</u></u> |

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

EXHIBIT H**TOWN OF EAST HAVEN, CONNECTICUT**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| | |
|---------------------------------|---------------|
| OPERATING REVENUES: | |
| Charges for services..... | \$ 11,548,042 |
| OPERATING EXPENSES: | |
| Claims..... | 12,365,665 |
| Administration..... | 1,240,655 |
| TOTAL OPERATING EXPENSES..... | 13,606,320 |
| OPERATING INCOME (LOSS)..... | (2,058,278) |
| NONOPERATING REVENUES: | |
| Investment income..... | 59,181 |
| CHANGES IN NET ASSETS..... | (1,999,097) |
| NET ASSETS - JULY 1, 2007..... | 3,947,442 |
| NET ASSETS - JUNE 30, 2008..... | \$ 1,948,345 |

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

EXHIBIT I**TOWN OF EAST HAVEN, CONNECTICUT****STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

| | |
|--|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Premiums received..... | \$ 13,327,091 |
| Payments to vendors..... | (1,240,655) |
| Payments for claims..... | <u>(11,451,828)</u> |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES..... | 634,608 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Income from investments..... | <u>59,181</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS..... | 693,789 |
| CASH AND CASH EQUIVALENTS - JULY 1, 2007..... | <u>5,999,306</u> |
| CASH AND CASH EQUIVALENTS - JUNE 30, 2008..... | <u><u>\$ 6,693,095</u></u> |
| RECONCILIATION TO BALANCE SHEET CASH: | |
| Cash and cash equivalents per above..... | \$ 6,693,095 |
| Cash and cash equivalents reported as investments..... | <u>(5,432,424)</u> |
| BALANCE SHEET CASH..... | <u><u>\$ 1,260,671</u></u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | |
| Operating income (loss)..... | \$ (2,058,278) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | |
| (Increase) decrease in: | |
| Accounts receivable..... | (11,303) |
| Due from other funds..... | 908,828 |
| Increase (decrease) in: | |
| Claims and judgments payable..... | 913,837 |
| Due to other funds..... | <u>881,524</u> |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES..... | <u><u>\$ 634,608</u></u> |

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

TOWN OF EAST HAVEN, CONNECTICUT

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008**

| | AGENCY FUNDS |
|-----------------------|-------------------|
| <hr/> | |
| <u>ASSETS</u> | |
| Cash..... | \$ 148,161 |
| Investments..... | <u>43,539</u> |
| TOTAL ASSETS..... | <u>\$ 191,700</u> |
| <u>LIABILITY</u> | |
| LIABILITY: | |
| Accounts payable..... | <u>\$ 191,700</u> |

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

TOWN OF EAST HAVEN, CONNECTICUT**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008****HISTORY AND ORGANIZATION**

The Town of East Haven, Connecticut (the "Town") was incorporated in May 1785. The Town covers 89 square miles, and is located 77 miles east of New York City. The Town operates under a Mayor-Council form of government and the Town Charter as amended on November 7, 1978. The Town provides a full range of services as authorized by its charter including public safety, (police and fire) public works, sanitation, health and social services, culture and recreation, education, planning, zoning and general administrative services to its residents.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Government-Wide and Fund Financial Statements**

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

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

Separate financial statements are provided for governmental funds 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.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Agency funds do not have a measurement focus but are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are 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.

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, reimbursement type grants, certain intergovernmental revenues, transfers, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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 Service Fund* is used to account for resources used to pay off the WPCA bonds.

The *Capital Improvements 2007 Fund* is used to account for resources to be used for capital expenditures.

Additionally, the Town reports the following fund types:

The *Internal Service Funds* account for risk activities for insurance benefits as allowed by GASB Statement No. 10 and for management services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

The *Agency Funds* account for monies held on behalf of students and employees and amounts held for performance related activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments and other charges between certain Town functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges to customers for medical insurance benefits, workers' compensation claims and property insurance deductibles. Operating expenses for the enterprise fund and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

Deposits - The Town considers cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - Eligible investments are governed by State of Connecticut Statutes which, in general, allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

Investments for the Town are reported at fair value. State Treasurers 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 3-27a - 3-27c. Investment guidelines are adapted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

2. Receivables and Payables

a. Interfunds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables and Payables (Continued)

b. Property Taxes and Other Receivables

In the government-wide financial statements, all trade, property tax, sewer use, and sewer assessment receivable are shown net of an allowance for uncollectibles. Allowance percentages range from 18 to 64% of outstanding receivable balances, and are calculated based upon prior collection history.

In the fund financial statements, all property taxes receivable, which have not been collected within 60 days of June 30, have been recorded as unearned revenue, since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the 60-day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

3. Restricted Assets

The restricted assets for the Town are restricted for endowment purposes. The Town has several bequests that restrict expenditures to investment income and only for the donor-designated purpose.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$4,000, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Buildings | 10-75 |
| Building improvements | 50 |
| Land improvements | 25 |
| Roads | 80 |
| Bridges | 50 |
| Vehicles | 10-20 |
| Equipment | 5-40 |

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

5. Compensated Absences

Employees are paid by a prescribed formula for absence due to vacation and sickness based upon the various union contracts and the Town's personnel policies. The eligibility for vacation pay, and in some instances sick pay, does vest and can be paid upon death, retirement or termination, up to certain limits.

6. Long-Term Obligations

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

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.

7. Fund Equity and Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, net assets are classified into the following categories:

Invested in Capital Assets, Net of Related Debt

This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purpose is excluded.

Restricted Net Assets

This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Assets

This category presents the net assets of the Town which are not restricted.

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

8. Estimates

The preparation of the 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 including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

9. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- Prior to March 4, the Mayor submits to the Board of Finance a proposed operating budget for the year commencing the following July 1. The Board of Finance returns the budget to the Mayor with its recommendations by March 23. On or before March 31, the Mayor submits the budget to the Town Council, which calls a public hearing. By April 28, the Town Council votes to adopt the budget. The budget is adopted on a basis consistent with generally accepted accounting principles.
- The Director of Finance may make transfers within a department of amounts not to exceed \$2,500 in any one account in any one year. The Board of Finance is authorized to transfer budgeted amounts within and between departments for amounts up to \$25,000. The Town Council, upon recommendation of the Board of Finance, approves transfers in excess of \$25,000 but not to exceed \$50,000. Transfers in excess of \$50,000 may be authorized only by ordinance. Additional appropriations may be made by ordinance of the Town Council. There were no additional appropriations during the year.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- Budgeted amounts shown are as originally adopted, or as amended by the Town Council during the course of the year.
- The Board of Education is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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 reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

B. Budget - GAAP Reconciliation

A reconciliation of revenues, expenditures, and fund balance between the accounting treatment required by GAAP (Exhibit D), and budgetary requirements (Exhibit F), is as follows:

| | <u>REVENUES</u> | <u>EXPENDITURES</u> |
|--|----------------------|----------------------|
| BALANCE, BUDGETARY BASIS, EXHIBIT F - JUNE 30, 2008 | \$ 75,452,826 | \$ 77,976,172 |
| State Teachers' Retirement on-behalf payment | <u>10,439,512</u> | <u>10,439,512</u> |
| BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2008 | <u>\$ 85,892,338</u> | <u>\$ 88,415,684</u> |

C. Donor Restricted Endowments

The Town has received certain endowments for the Hagan Memorial Library. The amounts are reflected in net assets as restricted for endowments. Investment income (including appreciation) is approved for expenditure by the individual Board of the benefiting activities. At June 30, 2008, the amount of appreciation (depreciation) included in unreserved undesignated fund balance for the Hagan Memorial Library was \$(14,923).

D. Deficit Fund Equity

The following funds had deficit fund equity at June 30, 2008:

| | |
|--|-----------|
| Economic Development | \$ 34,068 |
| Dog Licenses | 398 |
| Capital Improvements 2006 | 324,403 |
| Capital Improvements 2008 | 1,308,548 |
| Road Bonding 2008 | 771,140 |
| Capital Improvements Revaluation and Engineering | 224,531 |
| Capital Improvements 1998 | 1,392 |
| CDB Revitalization Construction Phase II | 1,000,000 |
| Workers' Compensation Fund | 1,622,389 |

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

D. Deficit Fund Balances (Continued)

The deficits in the Economic Development fund and Dog Licenses fund will be funded with future revenues. The deficits in the Capital Improvement funds, Road Bonding fund and the CDB Revitalization Construction Phase II will be eliminated when bonds are issued. The deficit in the Workers' Compensation fund will be funded with general fund appropriations.

III. DETAILED NOTES

A. Cash and Investments

1. Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$10,616,299 of the Town's bank balance of \$11,439,755, including certificates of deposits and money market accounts, was exposed to custodial credit risk as follows:

| | |
|---|---------------------|
| Uninsured and uncollateralized | \$ 9,524,669 |
| Uninsured and collateral held by the pledging bank's trust department, not in the Town's name..... | <u>1,091,630</u> |
| Total amount subject to custodial credit risk | <u>\$10,616,299</u> |

2. At June 30, 2008, the Town's investments (including restricted investments) consisted of the following:

| TYPE OF INVESTMENT | FAIR VALUE | INVESTMENT MATURITIES (IN YEARS) | | | | |
|----------------------------------|---------------------|----------------------------------|---------------------|---------------------|---------------------|-------------------|
| | | N/A | LESS THAN 1 | 1-5 YEARS | 5-10 YEARS | OVER 10 |
| Mutual funds: | | | | | | |
| Money market mutual funds | \$ 409,333 | \$ | \$ 409,333 | \$ | \$ | \$ |
| Equity mutual funds | 125,509 | 125,509 | | | | |
| Corporate bond mutual funds..... | 37,821 | | | 24,263 | 13,558 | |
| Government bond mutual funds.. | 382,592 | | | 139,932 | 242,660 | |
| Certificates of deposit..... | 2,821,470 | | 784,358 | 1,269,804 | 767,308 | |
| Bank money market funds..... | 3,806,795 | | 3,806,795 | | | |
| U.S. Treasury notes | 528,543 | | 53,933 | 279,783 | 194,827 | |
| Pooled fixed income..... | 3,753,596 | | 3,753,596 | | | |
| Corporate bonds | 21,661 | | | 21,661 | | |
| Government bonds | 548,702 | | | 131,638 | | 417,064 |
| Equities | <u>1,405,006</u> | <u>1,405,006</u> | | | | |
| TOTAL | <u>\$13,841,028</u> | <u>\$ 1,530,515</u> | <u>\$ 8,808,015</u> | <u>\$ 1,867,081</u> | <u>\$ 1,218,353</u> | <u>\$ 417,064</u> |

Of the \$3,753,596 of pooled fixed income, \$1,542,046 was invested in Short Term Investment Fund (STIF). STIF is an investment pool managed by the State of Connecticut Office of the State Treasurer. The balance was invested in a 2a-7 like pool.

Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

The Town's investments subject to credit risk have average ratings by Standard & Poor's as follows:

| AVERAGE RATING | MONEY MARKET MUTUAL FUNDS | CORPORATE BOND MUTUAL FUNDS | GOVERNMENT BOND MUTUAL FUNDS | POOLED FIXED INCOME | CORPORATE BONDS | GOVERNMENT BONDS |
|----------------|------------------------------------|--------------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|
| AAA | \$ 81,396 | \$ | \$ | \$ 3,753,596 | \$ | \$ 131,638 |
| AA | | 17,414 | 382,592 | | | |
| BB | | 20,407 | | | | |
| B | | | | | 21,661 | |
| Unrated | 327,937 | | | | | 417,064 |
| TOTAL | \$ 409,333 | \$ 37,821 | \$ 382,592 | \$ 3,753,596 | \$ 21,661 | \$ 548,702 |

Custodial credit risk - The Town has no formal policy regarding custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

| | TOTAL | LESS INSURED AMOUNTS | AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK |
|-------------------------|--------------|----------------------------|--|
| US Treasury notes | \$ 528,543 | \$ 528,543 | \$ |
| Corporate bonds | 21,661 | 21,661 | |
| Government bonds | 548,702 | 548,702 | |
| Equities | 1,405,006 | 1,158,860 | 246,146 |
| Totals | \$ 2,503,912 | \$ 2,257,766 | \$ 246,146 |

B. Receivables

Receivables as of year end for the Town's government-wide financial statements by type, including the applicable allowances for uncollectibles, are as follows:

| | TAXES | PROPERTY TAXES INTEREST & LIEN FEES | TOTAL |
|---|--------------|---|--------------|
| Current Portion | \$ 939,144 | \$ 97,894 | \$ 1,037,038 |
| Long-term Portion | \$ 1,244,912 | \$ 1,464,549 | \$ 2,709,461 |
| Less Allowance for Uncollectibles | (400,000) | (1,000,000) | (1,400,000) |
| Net Long-term Portion | \$ 844,912 | \$ 464,549 | \$ 1,309,461 |

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 also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

B. Receivables (Continued)

DEFERRED REVENUE:

Delinquent property taxes receivable (general fund) \$ 1,905,933

UNEARNED REVENUE:

Advance tax collections 580,242

Grant drawdowns prior to meeting all eligibility requirements 14,276

TOTAL DEFERRED AND UNEARNED REVENUE FOR

GOVERNMENTAL FUNDS \$ 2,500,451

C. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

| | BALANCE | | BALANCE | |
|--|---------------|------------|------------|---------------|
| | JULY 1, 2007 | INCREASES | DECREASES | JUNE 30, 2008 |
| <u>Capital Assets, not Being Depreciated:</u> | | | | |
| Land | \$ 2,244,990 | \$ | \$ | \$ 2,244,990 |
| Construction in progress | 1,135,061 | 112,588 | 946,801 | 300,848 |
| Total Capital Assets, not Being Depreciated | 3,380,051 | 112,588 | 946,801 | 2,545,838 |
| <u>Capital Assets, Being Depreciated:</u> | | | | |
| Land improvements | 2,938,893 | 908,857 | | 3,847,750 |
| Buildings | 62,484,212 | 27,045 | | 62,511,257 |
| Building improvements | 4,345,080 | 88,796 | | 4,433,876 |
| Machinery and equipment | 5,132,791 | 144,208 | | 5,276,999 |
| Vehicles | 2,613,059 | 173,870 | | 2,786,929 |
| Infrastructure | 34,547,063 | 1,952,258 | | 36,499,321 |
| Total Capital Assets, Being Depreciated | 112,061,098 | 3,295,034 | - | 115,356,132 |
| Total Capital Assets | 115,441,149 | 3,407,622 | 946,801 | 117,901,970 |
| <u>Less Accumulated Depreciation for:</u> | | | | |
| Land improvements | 710,542 | 147,575 | | 858,117 |
| Buildings | 13,489,052 | 977,820 | | 14,466,872 |
| Building improvements | 1,050,721 | 124,326 | | 1,175,047 |
| Machinery and equipment | 1,721,984 | 357,839 | | 2,079,823 |
| Vehicles | 528,518 | 156,969 | | 685,487 |
| Infrastructure | 5,668,802 | 717,563 | | 6,386,365 |
| Total Accumulated Depreciation | 23,169,619 | 2,482,092 | - | 25,651,711 |
| Total Capital Assets, Being Depreciated, net | 88,891,479 | 812,942 | - | 89,704,421 |
| Governmental Activities Capital Assets, net | \$ 92,271,530 | \$ 925,530 | \$ 946,801 | \$ 92,250,259 |

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

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

Governmental Activities:

| | |
|-----------------------------|------------------|
| General government..... | \$ 39,248 |
| Public safety | 274,256 |
| Public works..... | 852,300 |
| Culture and recreation..... | 62,896 |
| Health and welfare | 2,829 |
| Education | <u>1,250,563</u> |

| | |
|--|--------------------|
| Total Depreciation Expense - Governmental Activities | <u>\$2,482,092</u> |
|--|--------------------|

Construction Commitments

At June 30, 2008, the Town had no construction commitments.

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2008 is as follows:

| <u>MAJOR FUNDS:</u> | <u>CORRESPONDING FUND</u> | <u>DUE FROM</u> | <u>DUE TO</u> |
|---|-------------------------------|-----------------|---------------|
| GENERAL FUND: | | | |
| Debt service | N/A | \$ 20,040 | \$ |
| Capital improvements 2007..... | N/A | 541,191 | |
| Public safety..... | N/A | 6,007 | 15,216 |
| Historical documents preservation | N/A | | 57,088 |
| Economic Development | N/A | | 3,445 |
| Town pool repair | N/A | | 671 |
| Open space..... | N/A | | 45,000 |
| Marine enforcement grants..... | N/A | | 36,431 |
| Public works state aid..... | N/A | | 2,736 |
| Permanent patch fund..... | N/A | | 671 |
| East Haven kennel club | N/A | | 7,199 |
| Small Cities..... | N/A | 400 | 400 |
| Dog licenses..... | N/A | | 14,312 |
| Michael Street playground | N/A | 7,762 | |
| Health and welfare..... | N/A | | 44,700 |
| Land acquisition | N/A | | 54,306 |
| Emergency management fund | N/A | | 24,492 |
| Capital improvements 1999..... | N/A | | 13,220 |
| Capital improvements 2004..... | N/A | | 258,013 |
| Capital improvements 2005..... | N/A | | 104,919 |
| Capital improvements 2006..... | N/A | | 151,185 |
| Capital improvements 2008..... | N/A | 181,181 | |
| Road Bonding 2008..... | N/A | 770,160 | |
| Capital improvements revaluation and engineering..... | N/A | | 25,469 |
| Capital improvements 1998..... | N/A | 1,392 | |
| LOCIP | N/A | | 57,443 |
| CDB Revitalization construction phase II..... | N/A | 1,000,000 | |

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

1. Interfund Payables and Receivables (Continued)

| | CORRESPONDING FUND | DUE FROM | DUE TO |
|--|-----------------------|-----------|------------|
| <u>MAJOR FUNDS: (Continued)</u> | | | |
| 147 Cosey Beach Avenue purchase | N/A | \$ | \$ 193,879 |
| LOCIP town clerk fees | N/A | | 64,832 |
| Self insurance reserve | N/A | 43,966 | |
| Workers' compensation | N/A | 1,449,999 | |
| Medical insurance | N/A | | 443,888 |
| TOTAL GENERAL FUND | | 4,022,098 | 1,619,515 |
| DEBT SERVICE FUND: | | | |
| WPCA debt service fund | General Fund | | 20,040 |
| CAPITAL IMPROVEMENTS 2007 | General Fund | | 541,191 |
| <u>NONMAJOR FUNDS:</u> | | | |
| SPECIAL REVENUE FUNDS: | | | |
| Public safety | General Fund | 15,216 | 6,007 |
| Historical documents preservation | General Fund | 57,088 | |
| Economic Development | General Fund | 3,445 | |
| Town pool repair | General Fund | 671 | |
| Open space | General Fund | 45,000 | |
| Marine enforcement grants | General Fund | 36,431 | |
| Public works state aid | General Fund | 2,736 | |
| Permanent patch fund | General Fund | 671 | |
| East Haven kennel club | General Fund | 7,199 | |
| Small Cities | General Fund | 400 | 400 |
| Dog licenses | General Fund | 14,312 | |
| Michael Street playground | General Fund | | 7,762 |
| Health and welfare | General Fund | 44,700 | |
| Land acquisition | General Fund | 54,306 | |
| Emergency management fund | General Fund | 24,492 | |
| TOTAL SPECIAL REVENUE FUNDS | | 306,667 | 14,169 |
| CAPITAL PROJECTS: | | | |
| Capital improvements 1999 | General Fund | 13,220 | |
| Capital improvements 2004 | General Fund | 258,013 | |
| Capital improvements 2005 | General Fund | 104,919 | |
| Capital improvements 2006 | General Fund | 151,185 | |
| Capital improvements 2008 | General Fund | | 181,181 |
| Road Bonding 2008 | General Fund | | 770,160 |
| Capital improvements revaluation and engineering | General Fund | 25,469 | |
| Capital improvements 1998 | General Fund | | 1,392 |
| LOCIP | General Fund | 57,443 | |
| CDB Revitalization construction phase II | General Fund | | 1,000,000 |
| 147 Cosey Beach Avenue purchase | General Fund | 193,879 | |
| LOCIP town clerk fees | General Fund | 64,832 | |
| TOTAL CAPITAL PROJECTS FUNDS | | 868,960 | 1,952,733 |
| TOTAL NONMAJOR GOVERNMENTAL FUNDS | | 1,175,627 | 1,966,902 |

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

1. Interfund Payables and Receivables (Continued)

| | CORRESPONDING FUND | DUE FROM | DUE TO |
|------------------------------------|-----------------------|--------------|--------------|
| INTERNAL SERVICE FUNDS: | | | |
| Self insurance reserve | General Fund | \$ | \$ 43,966 |
| Workers' compensation | General Fund | | 1,449,999 |
| Medical insurance | General Fund | 443,888 | |
| TOTAL INTERNAL SERVICE FUNDS | | 443,888 | 1,493,965 |
| TOTAL | | \$ 5,641,613 | \$ 5,641,613 |

All interfund balances result from the time lag between the debt payments occurred between funds for short-term internal financing.

2. Interfund Transfers

A summary of interfund transfers as of June 30, 2008 is as follows:

| | CORRESPONDING FUND | TRANSFERS IN | TRANSFERS OUT |
|--------------------------------|-----------------------|-----------------|------------------|
| <u>MAJOR FUNDS:</u> | | | |
| GENERAL FUND: | | | |
| Hagaman Memorial Library | N/A | \$ | \$ 664,024 |
| <u>NONMAJOR FUNDS:</u> | | | |
| SPECIAL REVENUE FUNDS: | | | |
| Hagaman Memorial Library | General Fund | 664,024 | |
| GRAND TOTAL | | \$ 664,024 | \$ 664,024 |

Transfers are used to account for the financing by the general fund of various program and activities in other funds.

E. Short-Term Obligations - Bond Anticipation Notes

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the year ended June 30, 2008, was as follows:

| | BALANCE JULY 1, 2007 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30, 2008 |
|--|-------------------------|--------------|--------------|--------------------------|
| BOND ANTICIPATION NOTES: | | | | |
| Capital Improvements 2006 | \$ 475,000 | \$ 475,000 | \$ 475,000 | \$ 475,000 |
| Capital Improvements Revaluation | 250,000 | 250,000 | 250,000 | 250,000 |
| Capital Improvements 2007 | 1,150,000 | 1,150,000 | 1,150,000 | 1,150,000 |
| Capital Improvements 2008 | | 1,000,000 | | 1,000,000 |
| TOTAL | \$ 1,875,000 | \$ 2,875,000 | \$ 1,875,000 | \$ 2,875,000 |

The bond anticipation notes mature August 21, 2008, and carry an interest rate of 4.00%. The notes were issued to provide interim funding for various capital projects.

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

E. Short-Term Obligations - Bond Anticipation Notes (Continued)

Subsequent Event

On August 21, 2008, the Town issued \$2,875,000 of bond anticipation notes with an interest rate of 2.49% maturing October 30, 2008. On October 30, 2008, the Town issued \$7,500,000 of bond anticipation notes with an interest rate of 3.24% maturing September 16, 2009. The notes will be used to refund a portion of the bond anticipation notes maturing on October 30, 2008, and to provide new money for various school and general purpose projects.

F. Changes in Long-Term Obligations

1. Summary of Changes

The following is a summary of changes in long-term obligations during the fiscal year:

| DESCRIPTION | ORIGINAL AMOUNT | DATE OF ISSUE | DATE OF MATURITY | INTEREST RATE | BALANCE JULY 1, 2007 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30, 2008 | CURRENT PORTION |
|--|--------------------|------------------|---------------------|------------------|----------------------------|--------------|--------------|-----------------------------|--------------------|
| <u>BONDS/NOTES:</u> | | | | | | | | | |
| General Purpose: | | | | | | | | | |
| Refunding Bond..... | \$ 3,906,562 | 10/01/98 | 2011 | 4.25-4.80% | \$ 1,365,088 | \$ | \$ 390,088 | \$ 975,000 | \$ 408,200 |
| Improvement Bond. | 6,800,000 | 12/01/01 | 2022 | 4.39% | 5,100,000 | | 340,000 | 4,760,000 | 340,000 |
| Refunding Bond..... | 4,505,600 | 02/15/03 | 2016 | 3.44% | 3,115,470 | | 432,850 | 2,682,620 | 430,500 |
| Improvement Bond. | 6,031,000 | 08/15/05 | 2025 | 4.10% | 5,796,000 | | 240,000 | 5,556,000 | 260,000 |
| Refunding Bond..... | 3,609,000 | 08/15/05 | 2019 | 3.84% | 3,185,000 | | 420,000 | 2,765,000 | 415,000 |
| Improvement Bond. | 3,000,000 | 08/24/07 | 2028 | 4.1-5.5% | 3,000,000 | | | 3,000,000 | 150,000 |
| Total General Purpose | | | | | 21,561,558 | - | 1,822,938 | 19,738,620 | 2,003,700 |
| Schools: | | | | | | | | | |
| Refunding | 3,038,438 | 10/01/98 | 2011 | 4.25-4.80% | 1,284,912 | | 384,912 | 900,000 | 376,800 |
| Refunding | 25,294,400 | 02/15/03 | 2017 | 3.4386% | 18,744,530 | | 2,027,150 | 16,717,380 | 2,059,500 |
| School Bonds | 149,000 | 08/15/05 | 2025 | 4.1005% | 134,000 | | 15,000 | 119,000 | 15,000 |
| Refunding | 13,991,000 | 08/15/05 | 2019 | 3.8399% | 12,980,000 | | 1,060,000 | 11,920,000 | 1,130,000 |
| Total Schools..... | | | | | 33,143,442 | - | 3,487,062 | 29,656,380 | 3,581,300 |
| Sewer: | | | | | | | | | |
| Sewer Bond..... | 5,000,000 | 12/01/01 | 2016 | 4.3899% | 3,240,000 | | 360,000 | 2,880,000 | 360,000 |
| TOTAL BONDS/NOTES..... | | | | | 57,945,000 | - | 5,670,000 | 52,275,000 | 5,945,000 |
| DEFERRED CHARGES..... | | | | | (642,668) | | (69,129) | (573,539) | |
| TOTAL BONDS/NOTES AND RELATED LIABILITIES..... | | | | | 57,302,332 | - | 5,600,871 | 51,701,461 | 5,945,000 |
| COMPENSATED ABSENCES | | | | | 7,337,741 | 2,982,617 | 2,678,607 | 7,641,751 | 1,528,350 |
| CAPITAL LEASES | | | | | 508,508 | | 246,508 | 262,000 | 262,000 |
| LANDFILL CLOSURE COSTS | | | | | 94,844 | | | 94,844 | |
| TOTAL GENERAL LONG-TERM OBLIGATIONS | | | | | \$ 65,243,425 | \$ 2,982,617 | \$ 8,525,986 | \$ 59,700,056 | \$ 7,735,350 |

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and bond and note maturities:

| FISCAL YEAR ENDED JUNE 30. | AMOUNT TO BE PROVIDED BY STATE PRINCIPAL | AMOUNT TO BE PROVIDED BY STATE INTEREST | BONDS | |
|-------------------------------------|---|--|---------------|---------------|
| | | | PRINCIPAL | INTEREST |
| 2009 | \$ 1,769,702 | \$ 593,916 | \$ 5,945,000 | \$ 2,043,611 |
| 2010 | 1,835,452 | 519,798 | 5,620,000 | 1,820,586 |
| 2011 | 1,685,915 | 446,579 | 5,500,000 | 1,599,372 |
| 2012 | 1,623,707 | 374,251 | 5,170,000 | 1,381,392 |
| 2013 | 1,625,313 | 307,591 | 5,150,000 | 1,172,842 |
| 2014 | 1,531,783 | 244,906 | 4,900,000 | 972,312 |
| 2015 | 1,429,567 | 181,563 | 4,660,000 | 769,370 |
| 2016 | 1,430,129 | 117,053 | 4,285,000 | 570,118 |
| 2017 | 1,050,385 | 63,363 | 3,035,000 | 410,491 |
| 2018 | 629,385 | 28,219 | 2,050,000 | 302,388 |
| 2019 | 339,628 | 7,259 | 1,490,000 | 225,888 |
| 2020 | | | 840,000 | 175,275 |
| 2021 | | | 840,000 | 137,938 |
| 2022 | | | 840,000 | 100,950 |
| 2023 | | | 500,000 | 72,250 |
| 2024 | | | 500,000 | 51,363 |
| 2025 | | | 500,000 | 30,263 |
| 2026 | | | 150,000 | 16,388 |
| 2027 | | | 150,000 | 9,844 |
| 2028 | | | 150,000 | 3,281 |
| TOTALS | \$ 14,950,966 | \$ 2,884,498 | \$ 52,275,000 | \$ 11,865,922 |

All long-term liabilities listed above after bonds and notes are generally liquidated by the General Fund.

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

| CATEGORY | DEBT LIMIT | INDEBTEDNESS | NET BALANCE |
|----------------------|----------------|---------------|----------------|
| General purpose..... | \$ 113,309,156 | \$ 22,613,620 | \$ 90,695,536 |
| Schools | 226,618,313 | 14,705,414 | 211,912,899 |
| Sewers..... | 188,848,594 | 2,880,000 | 185,968,594 |
| Urban renewal | 163,668,781 | | 163,668,781 |
| Pension deficit..... | 151,078,875 | | 151,078,875 |

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$352,517,375.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$14,950,966 for bond principal is reflected as deductions in the computation of net indebtedness.

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

2. Capital Leases

The Town is committed under a multi-year capital lease for the acquisition of computers to be used in the public schools.

Capital leases that are capitalized under the category of equipment totaled \$736,687 at June 30, 2008.

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as for the date of their inception.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments:

| <u>YEAR ENDING</u> <u>JUNE 30,</u> | <u>AMOUNT</u> |
|---|-------------------|
| 2009 | \$ 262,000 |
| Less: amount representing interest | - |
| Present value of minimum lease payments | <u>\$ 262,000</u> |

3. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require landfill closures to meet certain standards. The Town is in the process of finalizing an agreement with the State Department of Environmental Protection for final closing of the land fill. The monitoring costs for the next 30 years at \$3,161 per year are \$94,844. These amounts are based on estimates which are subject to change due to inflation, technology or applicable laws and regulations.

4. Authorized/Unissued Bonds

At June 30, 2008, the Town had authorized and unissued bonds as follows:

| | <u>AUTHORIZED/ UNISSUED BONDS</u> |
|-----------------------|---------------------------------------|
| General purpose | \$ 8,035,000 |
| Schools | <u>9,525,000</u> |
| Total | <u>\$17,560,000</u> |

5. Prior Years' Advanced Refunding

In prior years, the Town has defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements. As of June 30, 2008, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$33,270,000.

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town purchases commercial insurance for all risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in prior years.

The Town established internal service funds, the Medical Insurance Fund and the Workers' Compensation Fund, to account for and finance the retained risk of loss for Town Employee medical benefits coverage and workers' compensation claims. A third party administers the plans for which the fund pays a fee.

The Town has purchased a stop loss policy for individual claims exceeding \$100,000 for the medical insurance, and \$500,000 for the workers' compensation fund.

In addition, the Town has established an Internal Service Fund to reduce the cost of commercial insurance by raising the deductibles on the policies purchased.

The claims liability reported is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

| | CLAIMS PAYABLE JULY 1, | CURRENT YEAR CLAIMS AND CHANGES IN ESTIMATES | CLAIMS PAID | CLAIMS PAYABLE JUNE 30, |
|-----------------------------|------------------------------|---|----------------|-------------------------------|
| Self-Insurance Fund: | | | | |
| 2007 | \$ 585,300 | \$ 217,014 | \$ 217,014 | \$ 585,300 |
| 2008 | 585,300 | 238,593 | 233,593 | 590,300 |
| Workers' Compensation Fund: | | | | |
| 2007 | \$ 788,876 | \$2,581,533 | \$1,864,831 | \$1,505,578 |
| 2008 | 1,505,578 | 3,507,679 | 2,647,363 | 2,365,894 |
| Medical Insurance Fund: | | | | |
| 2007 | \$ 751,770 | \$7,671,559 | \$7,681,007 | \$ 742,322 |
| 2008 | 742,322 | 8,619,393 | 8,570,872 | 790,843 |

B. Commitments and Litigation

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by legal counsel to be likely to result in a judgment or judgments, which would materially affect the Town's financial position.

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans

Municipal Employees' Retirement Fund

a. Plan Description

All Town employees participate in the Municipal Employees' Retirement System (MERS). MERS is the administrator of a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. The Pension Commission makes recommendations for plan provisions which are approved by the Board of Finance. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. MERS issues a publicly available financial report which may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

b. Plan Provisions

Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. All benefits vest after 5 years of continuous service. Members who retire after age 55 with 10 years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

c. Funding Policy

Covered employees are required by State Statute to contribute 2¼% of earnings upon which Social Security tax is paid, plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan.

The required and actual contributions for the years ended June 30, 2006, 2007 and 2008 were \$882,290, \$911,420 and \$1,257,771, respectively.

D. Postemployment Benefits

The Town and Board of Education provide postemployment benefits for certain retirees who meet certain requirements regarding age and years of service. This benefit is provided based on union agreements of the police department and school administrators. The number of employees covered, and related costs are as follows:

| | NUMBER EMPLOYEES COVERED | AMOUNT |
|--------------------|--------------------------------|--------------|
| Town | 100 | \$ 867,463 |
| Board of Education | 383 | 2,345,905 |
| Total | 483 | \$ 3,213,368 |

The amounts are funded on an annual basis by General Fund appropriations.

TOWN OF EAST HAVEN, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

E. On-Behalf Payments

The amount of the State Teachers' Retirement Plan contribution recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on-behalf of the Town's teachers was \$10,439,512.

F. Federal Deposit Insurance Corporation (FDIC) Limits and Stock Market

Subsequent to June 30, 2008, the stock market experienced a significant decline in value. The Town Council continues to monitor its investments closely in accordance with its investment policy and asset allocation.

On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009.

Supplemental Schedules

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, culture and recreation, health and welfare, development and conservation, benefits and insurance, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

SCHEDULE 1

TOWN OF EAST HAVEN, CONNECTICUT

**GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008**

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|--|----------------------|----------------------|----------------------|-------------------------------------|
| PROPERTY TAXES: | | | | |
| Real estate..... | \$ 45,697,644 | \$ 45,697,644 | \$ 44,674,727 | \$ (1,022,917) |
| Motor vehicle & personal property..... | 3,539,501 | 3,539,501 | 3,944,498 | 404,997 |
| Supplemental motor vehicle..... | 596,000 | 596,000 | 393,536 | (202,464) |
| Delinquent taxes..... | 865,000 | 865,000 | 608,024 | (256,976) |
| Suspense collections..... | 155,000 | 155,000 | 139,071 | (15,929) |
| Interest, penalties & liens..... | 650,000 | 650,000 | 433,749 | (216,251) |
| Telecommunication property tax..... | 121,736 | 121,736 | 119,004 | (2,732) |
| TOTAL PROPERTY TAXES..... | 51,624,881 | 51,624,881 | 50,312,609 | (1,312,272) |
| INTERGOVERNMENTAL REVENUES: | | | | |
| State aid school construction..... | 2,625,000 | 2,625,000 | 2,372,654 | (252,346) |
| Health & welfare non public school..... | 27,585 | 27,585 | 52,378 | 24,793 |
| Pupil transportation..... | 454,734 | 454,734 | 419,753 | (34,981) |
| Education block grant..... | 18,445,843 | 18,445,843 | 17,983,752 | (462,091) |
| P.I.L.O.T. state property..... | 346,495 | 346,495 | 379,079 | 32,584 |
| P.I.L.O.T. Pequot funds..... | 272,823 | 272,823 | 277,777 | 4,954 |
| P.I.L.O.T. water authority..... | 486,035 | 486,035 | 486,035 | - |
| P.I.L.O.T. GNHWPCA..... | 63,000 | 63,000 | 63,000 | - |
| Casino assistance grant..... | 751,527 | 751,527 | | (751,527) |
| Elderly circuit breaker..... | 356,830 | 356,830 | 342,391 | (14,439) |
| Tax relief elderly..... | 25,543 | 25,543 | 19,639 | (5,904) |
| Veterans' exemption..... | 90,977 | 90,977 | 82,649 | (8,328) |
| Disability reimbursement..... | 5,073 | 5,073 | 5,096 | 23 |
| Manufacturer equipment..... | 32,500 | 32,500 | 30,074 | (2,426) |
| P.I.L.O.T. aircraft..... | 3,000 | 3,000 | | (3,000) |
| Off Track Betting (OTB)..... | 49,500 | 49,500 | 66,330 | 16,830 |
| General assistance reimb..... | 1,000 | 1,000 | | (1,000) |
| State of CT. dept of children..... | 22,500 | 22,500 | 22,059 | (441) |
| TOTAL INTERGOVERNMENTAL REVENUES..... | 24,059,965 | 24,059,965 | 22,602,666 | (1,457,299) |
| INVESTMENT INCOME..... | 625,000 | 625,000 | 393,890 | (231,110) |
| CHARGES FOR SERVICES: | | | | |
| Zoning board of appeals..... | 7,000 | 7,000 | 3,444 | (3,556) |
| Zoning fees..... | 33,000 | 33,000 | 19,156 | (13,844) |
| Police permits, tags, etc..... | 9,000 | 9,000 | 10,987 | 1,987 |
| Fire permits/fees..... | 1,000 | 1,000 | 1,280 | 280 |
| Town clerk fees..... | 795,000 | 795,000 | 546,067 | (248,933) |
| Building dept permits..... | 250,000 | 250,000 | 231,610 | (18,390) |
| Recreation fees..... | 90,000 | 90,000 | 99,745 | 9,745 |
| Pool fees..... | 12,500 | 12,500 | 17,592 | 5,092 |
| Athletic complex fees..... | 285,000 | 285,000 | 274,668 | (10,332) |
| C.A.M. fees..... | 500 | 500 | 100 | (400) |
| Human services fees..... | 173,500 | 173,500 | 129,054 | (44,446) |
| Landfill fees..... | 22,000 | 22,000 | 20,862 | (1,138) |
| Solid waste hauler fees..... | 20,500 | 20,500 | 11,850 | (8,650) |
| Inland/wetland prints..... | 950 | 950 | 130 | (820) |
| Flood and erosion..... | 4,250 | 4,250 | 2,420 | (1,830) |
| Police special assignments..... | 750,000 | 750,000 | 729,888 | (20,112) |
| Sale of town property..... | 78,339 | 78,339 | 5,145 | (73,194) |
| TOTAL CHARGES FOR SERVICES..... | 2,532,539 | 2,532,539 | 2,103,998 | (428,541) |
| OTHER REVENUES: | | | | |
| Miscellaneous..... | 154,609 | 154,609 | 39,663 | (114,946) |
| TOTAL REVENUES..... | 78,996,994 | 78,996,994 | 75,452,826 | (3,544,168) |
| OTHER FINANCING SOURCES: | | | | |
| Appropriation of fund balance..... | 600,000 | 600,000 | | (600,000) |
| TOTAL REVENUES AND OTHER FINANCING SOURCES..... | \$ 79,596,994 | \$ 79,596,994 | \$ 75,452,826 | \$ (4,144,168) |

TOWN OF EAST HAVEN, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|---|--------------------|------------------|------------------|-------------------------------------|
| GENERAL GOVERNMENT: | | | | |
| Town council..... | \$ 56,500 | \$ 73,800 | \$ 71,051 | \$ 2,749 |
| Board of finance..... | 6,600 | 6,600 | 6,600 | - |
| Mayor..... | 143,004 | 143,004 | 130,594 | 12,410 |
| Finance..... | 349,327 | 349,327 | 334,606 | 14,721 |
| Purchasing..... | 64,167 | 65,167 | 64,783 | 384 |
| Tax collector..... | 242,555 | 242,555 | 238,924 | 3,631 |
| Assessor..... | 246,380 | 250,480 | 245,211 | 5,269 |
| Personnel, administration and management..... | 326,832 | 351,332 | 325,544 | 25,788 |
| Board of assessment appeals..... | 1,600 | 2,000 | 1,900 | 100 |
| Town clerk..... | 237,945 | 237,945 | 220,419 | 17,526 |
| Registrar of Voters..... | 81,155 | 128,633 | 124,036 | 4,597 |
| Planning & zoning..... | 154,790 | 154,790 | 149,194 | 5,596 |
| Zoning board of appeals..... | 6,025 | 6,025 | 1,846 | 4,179 |
| Legal..... | 251,800 | 352,000 | 338,298 | 13,702 |
| Probate..... | 6,900 | 6,900 | 6,796 | 104 |
| Civil service..... | 43,969 | 50,469 | 48,716 | 1,753 |
| Flood & erosion..... | 1,350 | 1,350 | 900 | 450 |
| Inland/wetland..... | 2,250 | 2,250 | 1,132 | 1,118 |
| School building committee..... | 1,990 | 1,990 | 1,871 | 119 |
| TOTAL GENERAL GOVERNMENT..... | 2,225,139 | 2,426,617 | 2,312,421 | 114,196 |
| PUBLIC SAFETY: | | | | |
| Board of police commissioners..... | 2,224 | 2,624 | 1,424 | 1,200 |
| Canine control..... | 151,060 | 158,060 | 150,899 | 7,161 |
| Police Departments..... | 4,369,315 | 4,855,911 | 4,843,913 | 11,998 |
| Board of fire commissioners..... | 12,750 | 12,840 | 12,834 | 6 |
| Fire department..... | 4,644,174 | 4,682,084 | 4,659,538 | 22,546 |
| TOTAL PUBLIC SAFETY..... | 9,179,523 | 9,711,519 | 9,668,608 | 42,911 |
| HIGHWAYS AND ENGINEERING: | | | | |
| Engineering..... | 204,411 | 204,411 | 198,729 | 5,682 |
| Highways..... | 1,999,173 | 1,999,173 | 1,978,667 | 20,506 |
| TOTAL HIGHWAYS AND ENGINEERING..... | 2,203,584 | 2,203,584 | 2,177,396 | 26,188 |
| SANITATION AND MAINTENANCE: | | | | |
| Building department..... | 157,691 | 157,691 | 135,251 | 22,440 |
| Sanitation..... | 2,345,091 | 2,345,091 | 2,231,635 | 113,456 |
| Building maintenance..... | 647,860 | 697,360 | 631,133 | 66,227 |
| TOTAL SANITATION AND MAINTENANCE..... | 3,150,642 | 3,200,142 | 2,998,019 | 202,123 |
| HEALTH AND WELFARE: | | | | |
| Public health..... | 210,530 | 210,530 | 207,901 | 2,629 |
| Social services..... | 76,540 | 76,540 | 65,102 | 11,438 |
| Housing code..... | 2,000 | 2,000 | | 2,000 |
| Counseling & community services..... | 542,162 | 542,162 | 523,660 | 18,502 |
| Housing authority..... | 81,592 | 81,592 | 64,131 | 17,461 |
| Urban renewal..... | 65,574 | 65,574 | 63,943 | 1,631 |
| TOTAL HEALTH AND WELFARE..... | 978,398 | 978,398 | 924,737 | 53,661 |

(Continued)

SCHEDULE 2
(2 of 2)

TOWN OF EAST HAVEN, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL (CONTINUED)

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|---|--------------------|-----------------|---------------|-------------------------------------|
| CULTURE AND RECREATION: | | | | |
| Recreation..... | \$ 494,936 | \$ 491,460 | \$ 472,675 | \$ 18,785 |
| Recreation - ice rink..... | 473,781 | 477,257 | 450,324 | 26,933 |
| Senior center..... | 205,726 | 205,726 | 194,536 | 11,190 |
| Community services..... | 127,700 | 126,700 | 122,849 | 3,851 |
| TOTAL CULTURE AND RECREATION..... | 1,302,143 | 1,301,143 | 1,240,384 | 60,759 |
| EMPLOYEE BENEFITS AND INSURANCE: | | | | |
| Employee benefits..... | 5,701,529 | 5,622,029 | 5,373,165 | 248,864 |
| Insurance..... | 1,567,609 | 1,567,609 | 1,492,978 | 74,631 |
| TOTAL EMPLOYEE BENEFITS AND INSURANCE.. | 7,269,138 | 7,189,638 | 6,866,143 | 323,495 |
| EDUCATION..... | 42,352,612 | 42,352,612 | 42,352,612 | - |
| GENERAL SERVICES..... | 2,792,500 | 1,999,082 | 1,865,617 | 133,465 |
| DEBT SERVICE: | | | | |
| Principal..... | 5,310,000 | 5,310,000 | 5,310,000 | - |
| Interest..... | 2,169,291 | 2,260,235 | 2,260,235 | - |
| TOTAL DEBT SERVICE..... | 7,479,291 | 7,570,235 | 7,570,235 | - |
| TOTAL EXPENDITURES..... | 78,932,970 | 78,932,970 | 77,976,172 | 956,798 |
| OTHER FINANCING USES: | | | | |
| Transfer out..... | 664,024 | 664,024 | 664,024 | - |
| TOTAL EXPENDITURES AND OTHER FINANCING USES..... | \$ 79,596,994 | \$ 79,596,994 | \$ 78,640,196 | \$ 956,798 |

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUT

REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2008

| GRAND LIST YEAR | UNCOLLECTED TAXES JULY 1, 2007 | CURRENT YEAR LEVY | LAWFUL CORRECTIONS | | TRANSFERS TO SUSPENSE | ADJUSTED AMOUNT COLLECTIBLE | TAXES COLLECTED | INTEREST & LIEN FEES | TOTAL | UNCOLLECTED TAXES JUNE 30, 2008 |
|----------------------|--------------------------------|-------------------|--------------------|------------|-----------------------|-----------------------------|-----------------|----------------------|---------------|---------------------------------|
| 1991 | \$ 118,074 | \$ | \$ | \$ 117,663 | \$ | \$ | 411 | \$ 1,118 | \$ 1,529 | \$ - |
| 1992 | 67,601 | | 3,146 | | | 64,455 | 551 | 1,056 | 1,607 | 63,904 |
| 1993 | 71,771 | | 11,086 | | | 60,685 | 428 | 988 | 1,416 | 60,257 |
| 1994 | 80,933 | | 11,349 | | | 69,584 | 577 | 1,240 | 1,817 | 69,007 |
| 1995 | 97,803 | | 10,041 | | | 87,762 | 776 | 1,552 | 2,328 | 86,986 |
| 1996 | 74,814 | | | 9,995 | | 64,819 | 818 | 1,501 | 2,319 | 64,001 |
| 1997 | 65,774 | | | 9,995 | | 55,779 | 449 | 718 | 1,167 | 55,330 |
| 1998 | 62,101 | | | 9,995 | | 52,106 | 449 | 640 | 1,089 | 51,657 |
| 1999 | 66,333 | | | 9,995 | | 56,338 | 1,629 | 2,074 | 3,703 | 54,709 |
| 2000 | 82,739 | | 18 | 14,169 | | 68,588 | 2,711 | 2,380 | 5,091 | 65,877 |
| 2001 | 78,311 | | 203 | 1,590 | | 76,924 | 5,462 | 5,292 | 10,754 | 71,462 |
| 2002 | 89,862 | | | 1,030 | | 88,832 | 3,529 | 4,043 | 7,572 | 85,303 |
| 2003 | 87,645 | | 1,696 | 2,157 | | 87,184 | 6,301 | 4,448 | 10,749 | 80,883 |
| 2004 | 154,890 | | 2,658 | 3,371 | | 154,177 | 49,624 | 18,110 | 67,734 | 104,553 |
| 2005 | 1,027,146 | | 36,333 | 16,301 | 317,739 | 729,439 | 538,230 | 120,589 | 658,819 | 191,209 |
| TOTAL PRIOR YEARS | 2,225,797 | - | 40,908 | 231,883 | 317,739 | 1,717,083 | 611,945 | 165,749 | 777,694 | 1,105,138 |
| 2006 | | 50,517,227 | 172,748 | 456,080 | 27 | 50,233,868 | 49,154,950 | 189,897 | 49,344,847 | 1,078,918 |
| TOTAL | \$ 2,225,797 | \$ 50,517,227 | \$ 213,656 | \$ 687,963 | \$ 317,766 | \$ 51,950,951 | 49,766,895 | 355,646 | 50,122,541 | \$ 2,184,056 |
| Suspense collections | | | | | | | | | | |
| | | | | | | | 138,948 | 78,497 | 217,445 | |
| | | | | | | | \$ 49,905,843 | \$ 434,143 | \$ 50,339,986 | |

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Public Safety

Hagaman Memorial Library

Historical Documents Preservation

Michael Street Playground

Economic Development

Health and Welfare

Town Pool Repair

Land Acquisition

Open Space

Emergency Management Fund

Marine Enforcement Grants

Day Care

Public Works State Aid

Athletic Department

Permanent Patch Fund

High School Rental

East Haven Kennel Club

School Lunch

Small Cities

Education Grants

Dog Licenses

Senior Center

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for major capital asset construction and/or purchase.

| | |
|---------------------------|--|
| Capital Improvements 1999 | Capital Improvements Revaluation and Engineering |
| Capital Improvements 2004 | Capital Improvements 1998 |
| Capital Improvements 2005 | LOCIP |
| Capital Improvements 2006 | CBD Revitalization Construction Phase II |
| Capital Improvements 2008 | 147 Cosey Beach Avenue Purchase |
| Road Bonding 2008 | LOCIP Town Clerk Fees |

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

J. Woodward Thompson Education Fund

Library Fund

Elizabeth McHardy Trust

Isaac Hagaman Library Fund

A. J. Berman Library Fund

TOWN OF EAST HAVEN, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

| | | SPECIAL REVENUE FUNDS | | | | | |
|---|-----------|-----------------------|-----------------------------------|----------------------|------------------|------------------|---------------------------|
| | | PUBLIC SAFETY | HISTORICAL DOCUMENTS PRESERVATION | ECONOMIC DEVELOPMENT | TOWN POOL REPAIR | OPEN SPACE | MARINE ENFORCEMENT GRANTS |
| ASSETS | | | | | | | |
| Cash..... | \$ | | \$ | \$ 342 | \$ | \$ | \$ |
| Receivables: | | | | | | | |
| Intergovernmental..... | | 6,007 | | | | | |
| Other..... | | | | 300 | | | |
| Due from other funds..... | | 15,216 | 57,088 | 3,445 | 671 | 45,000 | 36,431 |
| TOTAL ASSETS..... | \$ | 21,223 | \$ 57,088 | \$ 4,087 | \$ 671 | \$ 45,000 | \$ 36,431 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES: | | | | | | | |
| Accounts payable..... | \$ | 2,660 | \$ 1,100 | \$ 38,155 | \$ | \$ | \$ |
| Due to other funds..... | | 6,007 | | | | | |
| TOTAL LIABILITIES..... | | 8,667 | 1,100 | 38,155 | - | - | - |
| FUND BALANCES: | | | | | | | |
| Unreserved and undesignated..... | | 12,556 | 55,988 | (34,068) | 671 | 45,000 | 36,431 |
| TOTAL LIABILITIES AND FUND BALANCES..... | \$ | 21,223 | \$ 57,088 | \$ 4,087 | \$ 671 | \$ 45,000 | \$ 36,431 |

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

| | SPECIAL REVENUE FUNDS | | | | | |
|--|------------------------------|----------------------------|------------------------------|-----------------|-----------------|------------------|
| | PUBLIC WORKS STATE AID | PERMANENT PATCH FUND | EAST HAVEN KENNEL CLUB | SMALL CITIES | DOG LICENSES | SENIOR CENTER |
| Cash..... | | | | | | |
| Due from other funds..... | 2,736 | 671 | 7,199 | 49,877 | 14,312 | 7,201 |
| TOTAL ASSETS..... | \$ 2,736 | \$ 671 | \$ 7,199 | \$ 49,877 | \$ 14,312 | \$ 7,201 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES: | | | | | | |
| Accounts payable..... | | 503 | | | 14,710 | 5,614 |
| Due to other funds..... | | | | 400 | | |
| TOTAL LIABILITIES..... | - | 503 | - | 400 | 14,710 | 5,614 |
| FUND BALANCES: | | | | | | |
| Unreserved and undesignated..... | 2,736 | 168 | 7,199 | 49,877 | (398) | 1,587 |
| TOTAL LIABILITIES AND FUND BALANCES..... | \$ 2,736 | \$ 671 | \$ 7,199 | \$ 50,277 | \$ 14,312 | \$ 7,201 |

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

| SPECIAL REVENUE FUNDS | | | | | |
|---|--------------------------------|------------------------------|-----------------------|---------------------|---------------------------------|
| | HAGAMAN MEMORIAL LIBRARY | MICHAEL STREET PLAYGROUND | HEALTH AND WELFARE | LAND ACQUISITION | EMERGENCY MANAGEMENT FUND |
| ASSETS | | | | | |
| Cash..... | \$ 113,417 | \$ | \$ 37 | \$ | \$ |
| Receivables: | | | | | |
| Other..... | | 7,762 | 44,700 | 54,306 | 24,492 |
| Due from other funds..... | | | | | |
| TOTAL ASSETS..... | \$ 113,417 | \$ 7,762 | \$ 44,737 | \$ 54,306 | \$ 24,492 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES: | | | | | |
| Accounts payable..... | | \$ | \$ 11,487 | \$ | \$ |
| Due to other funds..... | | 7,762 | 768 | | |
| Deferred and unearned revenue..... | | | | | |
| TOTAL LIABILITIES..... | - | 7,762 | 12,255 | - | - |
| FUND BALANCES: | | | | | |
| Unreserved and undesignated..... | 113,417 | | 32,482 | 54,306 | 24,492 |
| TOTAL LIABILITIES AND FUND BALANCES..... | \$ 113,417 | \$ 7,762 | \$ 44,737 | \$ 54,306 | \$ 24,492 |

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

| | SPECIAL REVENUE FUNDS | | | | | | TOTAL |
|---|-----------------------|------------------------|--------------------------|-------------------|---------------------|-----------|------------------|
| | DAY CARE | ATHLETIC DEPARTMENT | HIGH SCHOOL RENTAL | SCHOOL LUNCH | EDUCATION GRANTS | | |
| ASSETS | | | | | | | |
| Cash..... | \$ 55,466 | \$ 70,362 | \$ 133,517 | \$ 104,478 | \$ 249,780 | \$ | 784,477 |
| Receivables: | | | | | | | |
| Intergovernmental..... | | | | | | | |
| Other..... | | | | 99,548 | 270,806 | | 376,361 |
| Due from other funds..... | | | | | | | 8,062 |
| Other..... | | | | 38,787 | | | 306,667 |
| | | | | | | | 38,787 |
| TOTAL ASSETS..... | \$ 55,466 | \$ 70,362 | \$ 133,517 | \$ 242,813 | \$ 520,586 | \$ | 1,514,354 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES: | | | | | | | |
| Accounts payable..... | | \$ | | \$ 199,483 | \$ 199,252 | \$ | 472,964 |
| Accrued payroll..... | | | | | 174,399 | | 174,399 |
| Due to other funds..... | | | | | | | 14,169 |
| Deferred and unearned revenue..... | | | | | 13,508 | | 14,276 |
| TOTAL LIABILITIES..... | - | - | - | 199,483 | 387,159 | | 675,808 |
| FUND BALANCES: | | | | | | | |
| Unreserved and undesignated..... | 55,466 | 70,362 | 133,517 | 43,330 | 133,427 | | 838,546 |
| TOTAL LIABILITIES AND FUND BALANCES..... | \$ 55,466 | \$ 70,362 | \$ 133,517 | \$ 242,813 | \$ 520,586 | \$ | 1,514,354 |

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

| | CAPITAL IMPROVEMENTS 1999 | CAPITAL IMPROVEMENTS 2004 | CAPITAL IMPROVEMENTS 2005 | CAPITAL IMPROVEMENTS 2006 | CAPITAL IMPROVEMENTS 2008 | ROAD BONDING 2008 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------------|
| ASSETS | | | | | | |
| Due from other funds..... | \$ 13,220 | \$ 258,013 | \$ 104,919 | \$ 151,185 | \$ | \$ |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES: | | | | | | |
| Accounts payable..... | \$ | \$ | \$ | \$ 588 | \$ 127,367 | \$ 980 |
| Due to other funds..... | | | | | 181,181 | 770,160 |
| Bond anticipation notes payable..... | | | | 475,000 | 1,000,000 | |
| TOTAL LIABILITIES..... | - | - | - | 475,588 | 1,308,548 | 771,140 |
| FUND BALANCES: | | | | | | |
| Unreserved and undesignated..... | 13,220 | 258,013 | 104,919 | (324,403) | (1,308,548) | (771,140) |
| TOTAL LIABILITIES AND FUND BALANCES..... | \$ 13,220 | \$ 258,013 | \$ 104,919 | \$ 151,185 | \$ - | \$ - |

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

| | CAPITAL PROJECTS FUNDS | | | | | | |
|---|---|---------------------------------|-----------|---|---------------------------------------|-----------------------------|-------------|
| | CAPITAL IMPROVEMENTS REVALUATION & ENGINEERING | CAPITAL IMPROVEMENTS 1998 | LOCIP | CDB REVITALIZATION CONSTRUCTION PHASE II | 147 COSEY BEACH AVENUE PURCHASE | LOCIP TOWN CLERK FEES | TOTAL |
| ASSETS | | | | | | | |
| Due from other funds..... | \$ 25,469 | \$ | \$ 57,443 | \$ | \$ 193,879 | \$ 64,832 | \$ 868,960 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES: | | | | | | | |
| Accounts payable..... | | | | | | | |
| Due to other funds..... | \$ | \$ 1,392 | \$ 2,643 | \$ 1,000,000 | \$ | \$ | \$ 131,578 |
| Bond anticipation notes payable..... | 250,000 | | | | | | 1,952,733 |
| TOTAL LIABILITIES..... | 250,000 | 1,392 | 2,643 | 1,000,000 | - | - | 3,809,311 |
| FUND BALANCES: | | | | | | | |
| Unreserved and undesignated..... | (224,531) | (1,392) | 54,800 | (1,000,000) | 193,879 | 64,832 | (2,940,351) |
| TOTAL LIABILITIES AND FUND BALANCES..... | \$ 25,469 | \$ - | \$ 57,443 | \$ - | \$ 193,879 | \$ 64,832 | \$ 868,960 |

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

| | PERMANENT FUNDS | | | | | | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|---|--|-------------------|-------------------------------|-------------------------------------|---------------------------------|---------------------|--|
| | J. WOODWARD THOMPSON EDUCATION FUND | LIBRARY FUND | ELIZABETH MCHARDY TRUST | ISAAC HAGAMAN LIBRARY FUND | A. J. BERMAN LIBRARY FUND | TOTAL | |
| ASSETS | | | | | | | |
| Cash..... | \$ 408,398 | \$ 27,433 | \$ 134,498 | \$ 357 | \$ 14,164 | \$ 27,790 | \$ 812,267 |
| Investments..... | | 252,737 | | 1,225,909 | | 2,035,706 | 2,035,706 |
| Receivables: | | | | | | | |
| Intergovernmental..... | | | | | | - | 376,361 |
| Other..... | | | | | | - | 8,062 |
| Due from other funds..... | | | | | | - | 1,175,627 |
| Other..... | | | | | | - | 38,787 |
| TOTAL ASSETS..... | \$ 408,398 | \$ 280,170 | \$ 134,498 | \$ 1,226,266 | \$ 14,164 | \$ 2,063,496 | \$ 4,446,810 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES: | | | | | | | |
| Accounts payable..... | \$ | \$ | \$ | \$ | \$ | \$ | \$ 604,542 |
| Accrued payroll..... | | | | | | - | 174,399 |
| Due to other funds..... | | | | | | - | 1,966,902 |
| Deferred and unearned revenue..... | | | | | | - | 14,276 |
| Bond anticipation notes payable..... | | | | | | - | 1,725,000 |
| TOTAL LIABILITIES..... | - | - | - | - | - | - | 4,485,119 |
| FUND BALANCES: | | | | | | | |
| Reserved for endowments..... | 408,398 | 280,170 | 134,498 | 100,000 | 14,164 | 100,000 | 100,000 |
| Unreserved and undesignated..... | | | | 1,126,266 | | 1,963,496 | (138,309) |
| TOTAL FUND BALANCES..... | 408,398 | 280,170 | 134,498 | 1,226,266 | 14,164 | 2,063,496 | (38,309) |
| TOTAL LIABILITIES AND FUND BALANCES..... | \$ 408,398 | \$ 280,170 | \$ 134,498 | \$ 1,226,266 | \$ 14,164 | \$ 2,063,496 | \$ 4,446,810 |

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

| SPECIAL REVENUE FUNDS | | | | | | | | | |
|-----------------------------------|---------------|-----------------------------------|----------------------|------------------|------------|---------------------------|--|--|-----------|
| | PUBLIC SAFETY | HISTORICAL DOCUMENTS PRESERVATION | ECONOMIC DEVELOPMENT | TOWN POOL REPAIR | OPEN SPACE | MARINE ENFORCEMENT GRANTS | | | |
| REVENUES: | | | | | | | | | |
| Charges for services..... | \$ 9,799 | \$ | \$ | \$ 700 | \$ | \$ | | | |
| Intergovernmental..... | 57,206 | | 11,593 | | | | | | 8,585 |
| Investment income..... | | | 14 | | | | | | |
| Contributions..... | | 38,198 | | | | | | | |
| TOTAL REVENUES..... | 67,005 | 38,198 | 11,607 | 700 | - | | | | 8,585 |
| EXPENDITURES: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government..... | | 26,349 | 12,343 | 230 | | | | | |
| Public safety..... | 67,402 | | | | | | | | |
| TOTAL EXPENDITURES..... | 67,402 | 26,349 | 12,343 | 230 | - | | | | - |
| NET CHANGE IN FUND BALANCES..... | (397) | 11,849 | (736) | 470 | - | | | | 8,585 |
| FUND BALANCES, JULY 1, 2007..... | 12,953 | 44,139 | (33,332) | 201 | 45,000 | | | | 27,846 |
| FUND BALANCES, JUNE 30, 2008..... | \$ 12,556 | \$ 55,988 | \$ (34,068) | \$ 671 | \$ 45,000 | \$ | | | \$ 36,431 |

(Continued)

SCHEDULE 5
(2 of 7)

TOWN OF EAST HAVEN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

| | SPECIAL REVENUE FUNDS | | | | | |
|--|------------------------------|----------------------------|------------------------------|------------------|-----------------|------------------|
| | PUBLIC WORKS STATE AID | PERMANENT PATCH FUND | EAST HAVEN KENNEL CLUB | SMALL CITIES | DOG LICENSES | SENIOR CENTER |
| REVENUES: | | | | | | |
| Charges for services..... | \$ | \$ | \$ | \$ | \$ | \$ |
| Intergovernmental..... | 203,814 | 1,045 | 14,114 | | 18,657 | 54,418 |
| Investment income..... | | | | 1,940 | | |
| Contributions..... | | | | | | 2,533 |
| Other..... | | | | 22,973 | | |
| TOTAL REVENUES..... | 203,814 | 1,045 | 14,114 | 24,913 | 18,657 | 56,951 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government..... | | | | 82,332 | | |
| Public safety..... | | 5,427 | 13,363 | | 29,956 | |
| Public works..... | 202,445 | | | | | 57,133 |
| Health and welfare..... | | | | | | |
| TOTAL EXPENDITURES..... | 202,445 | 5,427 | 13,363 | 82,332 | 29,956 | 57,133 |
| NET CHANGE IN FUND BALANCES..... | 1,369 | (4,382) | 751 | (57,419) | (11,299) | (182) |
| FUND BALANCES, JULY 1, 2007..... | 1,367 | 4,550 | 6,448 | 107,296 | 10,901 | 1,769 |
| FUND BALANCES, JUNE 30, 2008..... | \$ 2,736 | \$ 168 | \$ 7,199 | \$ 49,877 | \$ (398) | \$ 1,587 |

(Continued)

SCHEDULE 5
(3 of 7)

TOWN OF EAST HAVEN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

| | SPECIAL REVENUE FUNDS | | | | |
|---|--------------------------------|------------------------------|-----------------------|---------------------|---------------------------------|
| | HAGAMAN MEMORIAL LIBRARY | MICHAEL STREET PLAYGROUND | HEALTH AND WELFARE | LAND ACQUISITION | EMERGENCY MANAGEMENT FUND |
| REVENUES: | | | | | |
| Charges for services..... | \$ 50,706 | \$ | \$ 85,807 | \$ | \$ |
| Intergovernmental..... | 12,000 | 1,367 | 5,482 | | 101,478 |
| Contributions..... | 131 | 8,734 | 100 | | 830 |
| Other..... | 5,387 | | | | |
| TOTAL REVENUES..... | 68,224 | 10,101 | 91,389 | - | 102,308 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government..... | | | 82,512 | | |
| Public safety..... | | | 3,713 | | 89,298 |
| Culture and recreation..... | 767,381 | 10,101 | 5,482 | | |
| Health and welfare..... | | | | | |
| TOTAL EXPENDITURES..... | 767,381 | 10,101 | 91,707 | - | 89,298 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES..... | (699,157) | - | (318) | - | 13,010 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in..... | 664,024 | | | | |
| NET CHANGE IN FUND BALANCES..... | (35,133) | - | (318) | - | 13,010 |
| FUND BALANCES, JULY 1, 2007..... | 148,550 | | 32,800 | 54,306 | 11,482 |
| FUND BALANCES, JUNE 30, 2008..... | \$ 113,417 | \$ - | \$ 32,482 | \$ 54,306 | \$ 24,492 |

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

| | SPECIAL REVENUE FUNDS | | | | | | |
|---|-----------------------|------------------------|------------------|-------------------------|---------------------|--------------|--|
| | DAY CARE | ATHLETIC DEPARTMENT | SCHOOL RENTAL | HIGH SCHOOL LUNCH | EDUCATION GRANTS | TOTAL | |
| REVENUES: | | | | | | | |
| Charges for services..... | \$ 549,872 | \$ 94,911 | \$ 127,434 | \$ 626,415 | \$ 2,855,385 | \$ 1,633,878 | |
| Intergovernmental..... | | | | 687,046 | | 3,943,956 | |
| Investment income..... | | | | | | 1,954 | |
| Change in fair value of investments..... | | 54 | | | | 54 | |
| Contributions..... | | 5,000 | | | 22,690 | 78,216 | |
| Other..... | | | | | | 28,360 | |
| TOTAL REVENUES..... | 549,872 | 99,965 | 127,434 | 1,313,461 | 2,878,075 | 5,686,418 | |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| General government..... | 562,956 | | | | | 766,722 | |
| Public safety..... | | | | | | 209,159 | |
| Public works..... | | | | | | 202,445 | |
| Culture and recreation..... | | | | | | 777,482 | |
| Health and welfare..... | | | | | | 62,615 | |
| Education..... | | 84,887 | 40,141 | 1,298,338 | 2,947,858 | 4,371,224 | |
| TOTAL EXPENDITURES..... | 562,956 | 84,887 | 40,141 | 1,298,338 | 2,947,858 | 6,389,647 | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES..... | (13,084) | 15,078 | 87,293 | 15,123 | (69,783) | (703,229) | |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers in..... | | | | | | 664,024 | |
| NET CHANGE IN FUND BALANCES..... | (13,084) | 15,078 | 87,293 | 15,123 | (69,783) | (39,205) | |
| FUND BALANCES, JULY 1, 2007..... | 68,550 | 55,284 | 46,224 | 28,207 | 203,210 | 877,751 | |
| FUND BALANCES, JUNE 30, 2008..... | \$ 55,466 | \$ 70,362 | \$ 133,517 | \$ 43,330 | \$ 133,427 | \$ 838,546 | |

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

| CAPITAL PROJECTS FUNDS | | | | | | |
|-----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------------|
| | CAPITAL IMPROVEMENTS 1999 | CAPITAL IMPROVEMENTS 2004 | CAPITAL IMPROVEMENTS 2005 | CAPITAL IMPROVEMENTS 2006 | CAPITAL IMPROVEMENTS 2008 | ROAD BONDING 2008 |
| REVENUES: | | | | | | |
| Charges for services..... | \$ | \$ | \$ | \$ | \$ | \$ |
| Intergovernmental..... | | | | | | |
| TOTAL REVENUES..... | - | - | - | - | - | - |
| EXPENDITURES: | | | | | | |
| Capital outlay..... | 1,564 | 59,727 | 116,834 | 505,543 | 941,379 | 771,140 |
| NET CHANGE IN FUND BALANCES..... | (1,564) | (59,727) | (116,834) | (505,543) | (941,379) | (771,140) |
| FUND BALANCES, JULY 1, 2007..... | 14,784 | 317,740 | 221,753 | 181,140 | (367,169) | |
| FUND BALANCES, JUNE 30, 2008..... | \$ 13,220 | \$ 258,013 | \$ 104,919 | \$ (324,403) | \$ (1,308,548) | \$ (771,140) |

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

| | CAPITAL PROJECTS FUNDS | | | | | | TOTAL |
|-----------------------------------|---|---------------------------------|-----------|---|---------------------------------------|-----------------------------|----------------|
| | CAPITAL IMPROVEMENTS REVALUATION & ENGINEERING | CAPITAL IMPROVEMENTS 1998 | LOCIP | CDB REVITALIZATION CONSTRUCTION PHASE II | 147 COSEY BEACH AVENUE PURCHASE | LOCIP TOWN CLERK FEES | |
| REVENUES: | | | | | | | |
| Charges for services..... | \$ | \$ | \$ | \$ | \$ | \$ | \$ 19,643 |
| Intergovernmental..... | | | 258,781 | | | | 258,781 |
| TOTAL REVENUES..... | - | - | 258,781 | - | - | 19,643 | 278,424 |
| EXPENDITURES: | | | | | | | |
| Capital outlay..... | | 1,392 | 258,509 | 127,496 | 112,588 | | 2,896,172 |
| NET CHANGE IN FUND BALANCES..... | - | (1,392) | 272 | (127,496) | (112,588) | 19,643 | (2,617,748) |
| FUND BALANCES, JULY 1, 2007..... | (224,531) | | 54,528 | (872,504) | 306,467 | 45,189 | (322,603) |
| FUND BALANCES, JUNE 30, 2008..... | \$ (224,531) | \$ (1,392) | \$ 54,800 | \$ (1,000,000) | \$ 193,879 | \$ 64,832 | \$ (2,940,351) |

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

| | PERMANENT FUNDS | | | | | | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|---|--|-----------------|-------------------------------|-------------------------------------|---------------------------------|--------------|--|
| | J. WOODWARD THOMPSON EDUCATION FUND | LIBRARY FUND | ELIZABETH MCHARDY TRUST | ISAAC HAGAMAN LIBRARY FUND | A. J. BERMAN LIBRARY FUND | TOTAL | |
| REVENUES: | | | | | | | |
| Charges for services..... | \$ | \$ 2,955 | \$ | \$ | \$ | \$ 2,955 | \$ 1,656,476 |
| Intergovernmental..... | | | | | | | 4,202,737 |
| Investment income..... | 14,010 | 9,545 | 12,692 | 357 | | 36,604 | 38,558 |
| Change in fair value of investments..... | | 18,604 | (24,474) | (133,048) | (1,722) | (140,640) | (140,586) |
| Contributions..... | | 1,000 | | | | 1,000 | 79,216 |
| Other..... | | | | | | | 28,360 |
| TOTAL REVENUES..... | 14,010 | 32,104 | (11,782) | (132,691) | (1,722) | (100,081) | 5,864,761 |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| General government..... | | | | | | | 766,722 |
| Public safety..... | | | | | | | 209,159 |
| Public works..... | | | | | | | 202,445 |
| Culture and recreation..... | | 130,062 | | | | 130,062 | 907,544 |
| Health and welfare..... | | | | | | | 62,615 |
| Education..... | | | | | | | 4,371,224 |
| Capital outlay..... | | | | | | | 2,896,172 |
| TOTAL EXPENDITURES..... | - | 130,062 | - | - | - | 130,062 | 9,415,881 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES..... | 14,010 | (97,958) | (11,782) | (132,691) | (1,722) | (230,143) | (3,551,120) |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers in..... | | | | | | | 664,024 |
| NET CHANGE IN FUND BALANCES..... | 14,010 | (97,958) | (11,782) | (132,691) | (1,722) | (230,143) | (2,887,096) |
| FUND BALANCES, JULY 1, 2007..... | 394,388 | 378,128 | 146,280 | 1,358,957 | 15,886 | 2,293,639 | 2,848,787 |
| FUND BALANCES, JUNE 30, 2008..... | \$ 408,398 | \$ 280,170 | \$ 134,498 | \$ 1,226,266 | \$ 14,164 | \$ 2,063,496 | \$ (38,309) |

(Concluded)

Internal Service Funds

Internal Service funds are used to account for the providing of goods or services provided by one department to other departments of the Town on a cost reimbursement basis or accounting for risk retention as allowed by GASB Statement No. 10.

Workers' Compensation Fund

To account for the provision of Workers' Compensation Insurance for the Town. All activities necessary to provide such coverage are accounted for in this fund.

Medical Insurance Fund

To account for self-insured medical benefits for Town employees.

Self-Insurance Reserve

To account for the resources used to pay various claims and judgments.

SCHEDULE 6**TOWN OF EAST HAVEN, CONNECTICUT****INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2008**

| | SELF- INSURANCE RESERVE | WORKERS' COMPENSATION | MEDICAL INSURANCE | TOTAL |
|-----------------------------------|-------------------------------|--------------------------|----------------------|--------------|
| <u>ASSETS</u> | | | | |
| Cash..... | \$ | \$ | \$ | \$ |
| Investments..... | 1,227,387 | 200,017 | 1,060,654 | 1,260,671 |
| Accounts receivable..... | | 1,993,487 | 2,211,550 | 5,432,424 |
| Due from other funds..... | | | 52,364 | 52,364 |
| | | | 443,888 | 443,888 |
| TOTAL ASSETS..... | 1,227,387 | 2,193,504 | 3,768,456 | 7,189,347 |
| <u>LIABILITIES</u> | | | | |
| Claims and judgments payable..... | 590,300 | 2,365,894 | 790,843 | 3,747,037 |
| Due to other funds..... | 43,966 | 1,449,999 | | 1,493,965 |
| TOTAL LIABILITIES..... | 634,266 | 3,815,893 | 790,843 | 5,241,002 |
| <u>NET ASSETS</u> | | | | |
| Unrestricted..... | \$ 593,121 | \$ (1,622,389) | \$ 2,977,613 | \$ 1,948,345 |

SCHEDULE 7**TOWN OF EAST HAVEN, CONNECTICUT**

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2008

| | SELF- INSURANCE RESERVE | WORKERS' COMPENSATION | MEDICAL INSURANCE | TOTAL |
|---------------------------------|-------------------------------|--------------------------|----------------------|---------------|
| OPERATING REVENUES: | | | | |
| Charges for services..... | \$ 289,295 | \$ 1,509,714 | \$ 9,749,033 | \$ 11,548,042 |
| OPERATING EXPENSES: | | | | |
| Claims..... | 238,593 | 3,507,679 | 8,619,393 | 12,365,665 |
| Administration..... | | | 1,240,655 | 1,240,655 |
| TOTAL OPERATING EXPENSES..... | 238,593 | 3,507,679 | 9,860,048 | 13,606,320 |
| OPERATING INCOME (LOSS)..... | 50,702 | (1,997,965) | (111,015) | (2,058,278) |
| NONOPERATING REVENUES: | | | | |
| Investment income..... | | (48,002) | 107,183 | 59,181 |
| CHANGES IN NET ASSETS..... | 50,702 | (2,045,967) | (3,832) | (1,999,097) |
| NET ASSETS - JULY 1, 2007..... | 542,419 | 423,578 | 2,981,445 | 3,947,442 |
| NET ASSETS - JUNE 30, 2008..... | \$ 593,121 | \$ (1,622,389) | \$ 2,977,613 | \$ 1,948,345 |

TOWN OF EAST HAVEN, CONNECTICUTINTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

| | SELF- INSURANCE RESERVE | WORKERS' COMPENSATION | MEDICAL INSURANCE | TOTAL |
|---|-------------------------------|--------------------------|----------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Premiums received..... | \$ 517,842 | \$ 2,347,272 | \$ 10,461,977 | \$ 13,327,091 |
| Payments to vendors..... | | | (1,240,655) | (1,240,655) |
| Payments for claims..... | (233,593) | (2,647,363) | (8,570,872) | (11,451,828) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES..... | 284,249 | (300,091) | 650,450 | 634,608 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Income from investments..... | | (48,002) | 107,183 | 59,181 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS..... | 284,249 | (348,093) | 757,633 | 693,789 |
| CASH AND CASH EQUIVALENTS - JULY 1, 2007..... | 943,138 | 2,541,597 | 2,514,571 | 5,999,306 |
| CASH AND CASH EQUIVALENTS - JUNE 30, 2008..... | \$ 1,227,387 | \$ 2,193,504 | \$ 3,272,204 | \$ 6,693,095 |
| RECONCILIATION TO BALANCE SHEET CASH: | | | | |
| Cash and cash equivalents per above..... | \$ 1,227,387 | \$ 2,193,504 | \$ 3,272,204 | \$ 6,693,095 |
| Cash and cash equivalents reported as investments..... | (1,227,387) | (1,993,487) | (2,211,550) | (5,432,424) |
| BALANCE SHEET CASH..... | \$ - | \$ 200,017 | \$ 1,060,654 | \$ 1,260,671 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | | |
| Operating income (loss)..... | \$ 50,702 | \$ (1,997,965) | \$ (111,015) | \$ (2,058,278) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| (Increase) decrease in: | | | | |
| Accounts receivable..... | | | (11,303) | (11,303) |
| Due from other funds..... | 184,581 | | 724,247 | 908,828 |
| Increase (decrease) in: | | | | |
| Claims and judgments payable..... | 5,000 | 860,316 | 48,521 | 913,837 |
| Due to other funds..... | 43,966 | 837,558 | | 881,524 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES..... | \$ 284,249 | \$ (300,091) | \$ 650,450 | \$ 634,608 |

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

AGENCY FUNDS

Performance Bonds

To account for cash bonds and other cash and investments held by the Town to ensure compliance with specifications and regulations with respect to various building projects and improvements.

Student Activities

These funds are used to control various activities as defined by State Statutes undertaken by students of the public school system.

SCHEDULE 9**TOWN OF EAST HAVEN, CONNECTICUT**

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2008

| | BALANCE JULY 1, 2007 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30, 2008 |
|--|----------------------------|------------|------------|-----------------------------|
| <u>ASSETS</u> | | | | |
| CASH: | | | | |
| East Haven High School Activity Fund..... | \$ 91,821 | \$ 296,439 | \$ 304,914 | \$ 83,346 |
| Joseph Melillo Middle School Activity Fund.... | 26,368 | 29,609 | 30,370 | 25,607 |
| EH School Fund..... | 1,762 | 9 | | 1,771 |
| EH Highland School..... | 8,893 | 51 | | 8,944 |
| BOE Medicare Account..... | 16,978 | 30,482 | 46,294 | 1,166 |
| Momauguin School Media..... | 14 | 3,107 | 2,453 | 668 |
| DC Moore School Library..... | 68 | 4,309 | 3,741 | 636 |
| Adult Education..... | 8,594 | 14,360 | 16,345 | 6,609 |
| Flex Spending..... | 16,653 | 33,201 | 41,896 | 7,958 |
| Performance bonds..... | | 11,456 | | 11,456 |
| TOTAL CASH..... | 171,151 | 423,023 | 446,013 | 148,161 |
| INVESTMENTS: | | | | |
| East Haven High School Activity Fund..... | 44,329 | 4,248 | 5,038 | 43,539 |
| TOTAL ASSETS..... | \$ 215,480 | \$ 427,271 | \$ 451,051 | \$ 191,700 |
| <u>LIABILITIES</u> | | | | |
| ACCOUNTS PAYABLE: | | | | |
| East Haven High School Activity Fund..... | \$ 136,150 | \$ 300,687 | \$ 309,952 | \$ 126,885 |
| Joseph Melillo Middle School Activity Fund.... | 26,368 | 29,609 | 30,370 | 25,607 |
| EH School Fund..... | 1,762 | 9 | | 1,771 |
| EH Highland School..... | 8,893 | 51 | | 8,944 |
| BOE Medicare Account..... | 16,978 | 30,482 | 46,294 | 1,166 |
| Momauguin School Media..... | 14 | 3,107 | 2,453 | 668 |
| DC Moore School Library..... | 68 | 4,309 | 3,741 | 636 |
| Adult Education..... | 8,594 | 14,360 | 16,345 | 6,609 |
| Flex Spending..... | 16,653 | 33,201 | 41,896 | 7,958 |
| Performance bonds..... | | 11,456 | | 11,456 |
| TOTAL LIABILITIES..... | \$ 215,480 | \$ 427,271 | \$ 451,051 | \$ 191,700 |

Trend Information

TABLE 1**TOWN OF EAST HAVEN, CONNECTICUT**

NET ASSETS BY COMPONENT
LAST THREE YEARS
(UNAUDITED)

| | FISCAL YEAR | | |
|--|----------------------|----------------------|----------------------|
| | 2008 | 2007 | 2006 |
| GOVERNMENTAL ACTIVITIES: | | | |
| Invested in capital assets, net of related debt..... | \$ 37,516,717 | \$ 32,585,690 | \$ 10,602,768 |
| Restricted for: | | | |
| Endowments: | | | |
| Nonexpendable..... | 100,000 | 100,000 | 100,000 |
| Expendable..... | 1,963,496 | 2,193,639 | 1,667,578 |
| Unrestricted..... | 15,914,574 | 26,928,603 | 5,239,393 |
| TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS..... | <u>\$ 55,494,787</u> | <u>\$ 61,807,932</u> | <u>\$ 17,609,739</u> |

TABLE 2
(1 of 2)

TOWN OF EAST HAVEN, CONNECTICUT

**CHANGES IN NET ASSETS
LAST THREE YEARS
(UNAUDITED)**

| | FISCAL YEAR | | |
|---|-------------------|-------------------|-------------------|
| | 2008 | 2007 | 2006 |
| EXPENSES: | | | |
| Governmental activities: | | | |
| General government..... | \$ 5,517,911 | \$ 5,501,604 | \$ 8,106,306 |
| Public safety..... | 14,949,291 | 12,710,019 | 12,618,534 |
| Public works..... | 8,709,675 | 8,281,435 | 7,535,709 |
| Culture and recreation..... | 2,506,521 | 2,389,974 | 2,316,075 |
| Health and welfare..... | 1,487,119 | 1,553,644 | 1,462,279 |
| Education..... | 59,780,686 | 48,310,573 | 48,719,633 |
| Interest expense..... | 2,451,064 | 2,459,162 | 2,560,775 |
| Total Governmental activities expenses..... | 95,402,267 | 81,206,411 | 83,319,311 |
| Business-type activities: | | | |
| WPCA..... | | | 948,162 |
| TOTAL EXPENSES..... | 95,402,267 | 81,206,411 | 84,267,473 |
| PROGRAM REVENUES: | | | |
| Governmental activities: | | | |
| Charges for services: | | | |
| General government..... | 1,145,877 | 1,800,808 | 1,154,455 |
| Public safety..... | 784,725 | 762,533 | 876,316 |
| Public works..... | 266,067 | 339,911 | 41,885 |
| Culture and recreation..... | 500,184 | 527,920 | 403,708 |
| Health and welfare..... | 214,861 | 217,931 | 171,728 |
| Education..... | 848,760 | 858,575 | 687,627 |
| Operating grants and contributions..... | 33,285,847 | 23,416,379 | 27,894,969 |
| Capital grants and contributions..... | 462,595 | 560,949 | 1,795,969 |
| Total Governmental activities program revenues..... | 37,508,916 | 28,485,006 | 33,026,657 |
| Business-type activities: | | | |
| WPCA..... | | | 506,057 |
| TOTAL PROGRAM REVENUES..... | 37,508,916 | 28,485,006 | 33,532,714 |

(Continued)

TABLE 2
(2 of 2)

TOWN OF EAST HAVEN, CONNECTICUT

CHANGES IN NET ASSETS
LAST THREE YEARS
(UNAUDITED)

| | FISCAL YEAR | | |
|--|-----------------|-----------------|-----------------|
| | 2008 | 2007 | 2006 |
| NET REVENUE (EXPENSES): | | | |
| Governmental activities..... | \$ (57,893,351) | \$ (52,721,405) | \$ (50,292,654) |
| Business-type activities..... | | | (442,105) |
| TOTAL NET EXPENSES..... | (57,893,351) | (52,721,405) | (50,734,759) |
| GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS: | | | |
| Governmental activities: | | | |
| Property taxes..... | 49,901,476 | 47,962,038 | 47,714,546 |
| Grants and contributions not restricted to specific programs..... | 1,203,035 | 1,442,446 | 2,540,442 |
| Investment income..... | 407,672 | 1,217,950 | 799,589 |
| Miscellaneous..... | 68,023 | 48,256 | |
| Gain on sale of assets..... | | | 6,403 |
| Transfers..... | | | 1,851,825 |
| Total Governmental activities revenues..... | 51,580,206 | 50,670,690 | 52,912,805 |
| Business-type activities: | | | |
| Investment income..... | | | 10,318 |
| Transfers..... | | | (1,851,825) |
| Extraordinary item..... | | | 7,321,731 |
| Total Business-type activities revenues..... | - | - | 5,480,224 |
| TOTAL GENERAL REVENUES..... | 51,580,206 | 50,670,690 | 58,393,029 |
| CHANGE IN NET ASSETS: | | | |
| Governmental activities..... | (6,313,145) | (2,050,715) | 2,620,151 |
| Business-type activities..... | | | 5,038,119 |
| TOTAL CHANGE IN NET ASSETS..... | \$ (6,313,145) | \$ (2,050,715) | \$ 7,658,270 |

(Concluded)

TABLE 3

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2008

| | |
|--|----------------------|
| Total tax collections (including interest and lien fees) for current year..... | \$ 50,339,986 |
| Reimbursement for revenue loss on: | |
| Tax relief for elderly freeze..... | 19,639 |
| BASE FOR DEBT LIMITATION COMPUTATION..... | <u>\$ 50,359,625</u> |

| | GENERAL PURPOSES | SCHOOLS | SEWERS | URBAN RENEWAL | PENSION DEFICIT |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| DEBT LIMITATION: | | | | | |
| 2 1/4 times base..... | \$ 113,309,156 | \$ | \$ | \$ | \$ |
| 4 1/2 times base..... | | 226,618,313 | | | |
| 3 3/4 times base..... | | | 188,848,594 | | |
| 3 1/4 times base..... | | | | 163,668,781 | |
| 3 times base..... | | | | | 151,078,875 |
| TOTAL DEBT LIMITATION..... | <u>113,309,156</u> | <u>226,618,313</u> | <u>188,848,594</u> | <u>163,668,781</u> | <u>151,078,875</u> |
| INDEBTEDNESS: | | | | | |
| Bonds payable..... | 19,738,620 | 29,656,380 | 2,880,000 | | |
| Bonds anticipation notes payable..... | 2,875,000 | | | | |
| Less: School building grants..... | | (14,950,966) | | | |
| NET INDEBTEDNESS (1)..... | <u>22,613,620</u> | <u>14,705,414</u> | <u>2,880,000</u> | <u>-</u> | <u>-</u> |
| DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT..... | <u>\$ 90,695,536</u> | <u>\$ 211,912,899</u> | <u>\$ 185,968,594</u> | <u>\$ 163,668,781</u> | <u>\$ 151,078,875</u> |

(1) The total of the above net indebtedness amounts to: \$ 40,199,034

In no event shall total indebtedness exceed seven times the base for debt limitation computation. \$ 352,517,375

(2) There is no overlapping debt for the Town of East Haven.