
ANNUAL FINANCIAL REPORT

OF THE

TOWN OF EAST HAVEN, CONNECTICUT

FOR THE YEAR ENDED
JUNE 30, 2009

TOWN OF EAST HAVEN, CONNECTICUT

ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

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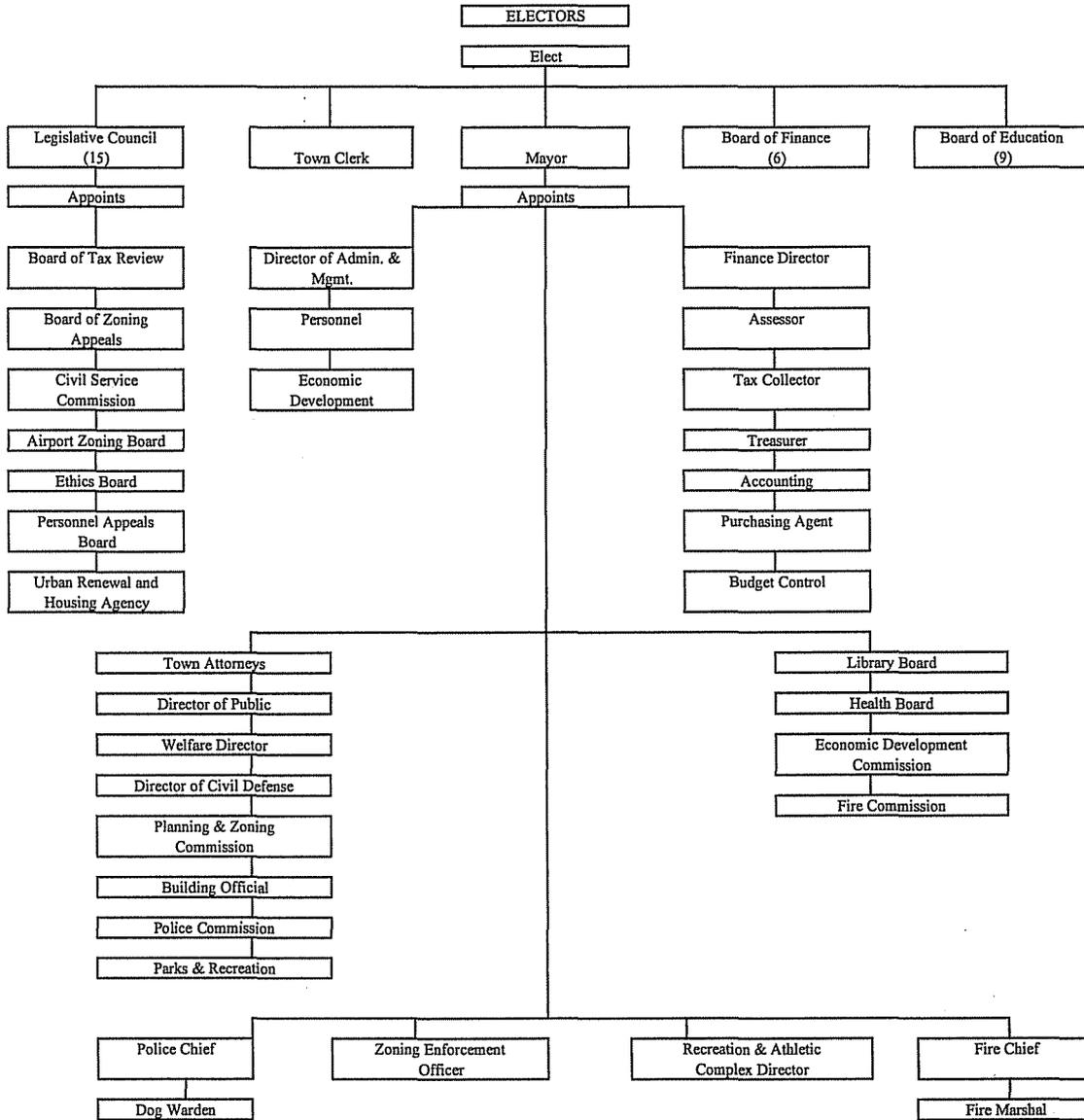
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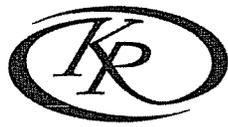
Introductory Section

TOWN OF EAST HAVEN, CONNECTICUT

ORGANIZATIONAL CHART



Financial Section



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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, 2009, 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, 2009, 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 January 26, 2010, 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, and Schedule of Funding Progress and Schedule of Employer Contributions - East Haven Other Post Employment Benefit Plan on pages 4 through 10 and page 46, respectively, are not a required part of the basic financial statements but are 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
January 26, 2010



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

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, 2009.

Financial Highlights

- On a government-wide basis, the Town's net assets decreased by \$11,692,351 for the fiscal year. The most significant reason for the decrease was the significant operating losses in the internal service funds of \$(5,126,940), operating loss in the general fund of \$(3,688,664) as a result of short falls in revenues, and the recording of the other post employment benefit liability for the first time this fiscal year.
- The Town's net assets totaled \$38,443,640 at June 30, 2009. Of this amount, the unrestricted net assets was a deficit balance of \$(176,290).
- At year end, the unreserved and undesignated fund balance for the general fund was deficit of \$(2,785,008).
- The Town's total long-term obligations increased by \$5,838,462, due to the issuance of new debt net of retirements totaling \$1,555,000, the recording of the other post employment benefit liability for the first time this fiscal year noted above, and the increase in claims and judgment (\$2,474,854) related to the internal service fund activity.

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 projects 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 \$38,496,863 at the close of the fiscal year.

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

	2009	2008
Current and other assets.....	\$ 33,169,246	\$ 37,924,283
Capital assets (net).....	90,116,187	92,250,259
Total assets.....	123,285,433	130,174,542
Current liabilities.....	29,589,116	22,715,049
Long-term liabilities.....	55,252,677	51,964,706
Total liabilities.....	84,841,793	74,679,755
Net assets:		
Invested in capital assets, net of related debt....	36,790,597	37,516,717
Restricted.....	1,829,333	2,063,496
Unrestricted.....	(176,290)	15,914,574
TOTAL NET ASSETS.....	\$ 38,443,640	\$ 55,494,787

The largest portion of the Town's net assets (95.7%) 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 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is a deficit in the amount of \$(176,290)

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 \$11,692,351. The most significant reason for the decrease is due to the significant operating losses in the internal service funds of \$(5,126,940), operating loss in the general fund of \$(3,688,664) as a result of short falls in revenues, and the recording of the other post employment benefit liability.

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

	2009	2008
<u>REVENUES:</u>		
Program revenues:		
Charges for services.....	\$ 3,403,976	\$ 3,760,474
Operating grants and contributions.....	27,325,227	33,285,847
Capital grants and contributions.....	508,202	462,595
General revenues:		
Property taxes.....	50,750,056	49,901,476
Grants and contributions not restricted to specific programs.....	1,671,362	1,203,035
Investment income (loss).....	(316,533)	407,672
Miscellaneous.....	1,022,800	68,023
TOTAL REVENUES.....	84,365,090	89,089,122
<u>EXPENSES:</u>		
General government.....	7,585,922	5,517,911
Public safety.....	13,860,530	14,949,291
Public works.....	9,799,512	8,709,675
Culture and recreation.....	2,969,521	2,506,521
Health and welfare.....	2,510,330	1,487,119
Education.....	57,168,425	59,780,686
Interest expense.....	2,163,201	2,451,064
TOTAL EXPENSES.....	96,057,441	95,402,267
INCREASE (DECREASE) IN NET ASSETS...	(11,692,351)	(6,313,145)
NET ASSETS - JULY 1 (AS RESTATED).....	50,135,991	61,807,932
NET ASSETS - JUNE 30.....	\$ 38,443,640	\$ 55,494,787

Governmental Activities - Revenues

The significant changes in revenues for governmental activities for the fiscal year ended June 30, 2009, were as follows:

- Operating grants and contributions decreased \$5,907,559 due substantially to a decrease in on-behalf payments for teacher retirement benefits.
- Investment income decreased by \$724,205 due to decrease interest rates and less available balances to invest during the year.
- Miscellaneous revenue increased by \$954,777 due to self insurance reimbursements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Governmental Activities - Expenses

The significant changes in expenses for governmental activities for the fiscal year ended June 30, 2009, were as follows:

- General government expenses increased by \$2,068,011. This is due to the effect of the implementation of GASB 45, the other post employment benefits, and increases in the operating loss for the internal service funds.
- Education expenses decreased by \$2,612,261 due to the on-behalf amounts to the state teachers' retirement fund, noted above off set by normal spending increases for contractual salaries and benefits.

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, 2009, is \$3,301,845 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 \$(2,785,008), the special revenue funds of \$732,197, the debt service fund of \$2,205,124, the capital projects funds of \$1,320,199, and the permanent funds of \$1,729,333 for a total of \$3,201,845.

General Fund

The general fund is the operating fund of the Town. The fund balance of the general fund decreased by \$3,688,664 for the fiscal year. Revenues decreased by \$5,643,956, with tax revenues at \$50,718,358. Charges for services decreased by \$269,944 and investment income decreased by \$278,441. Intergovernmental revenues decreased by \$6,474,898.

The total final budget was not amended from the original approved budget during the year. Significant budget variances from actual were as follows:

- Sanitation and maintenance had a positive variance of \$394,553 due to a reduction in waste management costs.
- Employee benefits and insurance had a positive variance of \$228,510 due to an increase in direct charges to the self insurance funds.

Debt Service Fund

The debt service fund's net change in fund balance was a decrease of \$413,957 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 Projects Fund

This fund's net change in fund balance was an increase of \$4,003,311 for the fiscal year, resulting in a fund balance at the end of the year of \$822,764. The increase was a result of a debt issuance of \$6,015,000 and expenditures of \$2,011,689.

Capital Assets and Debt Administration

At June 30, 2009, the Town of East Haven's investment in capital assets for its governmental activities was \$90,116,187 (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 \$2,134,072.

The most significant changes included the following:

- The addition of the Splash Pad at the beach.
- The purchase of several heavy duty vehicles during the year totaling \$329,892.
- Depreciation expense again this year is higher than capital replacements by \$1,815,474.

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

	2009	2008
Land.....	\$ 2,244,590	\$ 2,244,990
Construction in progress.....	405,275	300,848
Land improvements.....	3,173,129	2,989,633
Buildings.....	47,066,115	48,044,385
Building improvements.....	3,163,296	3,258,829
Machinery and equipment.....	2,681,405	3,197,176
Vehicles.....	2,087,631	2,101,442
Infrastructure.....	29,294,746	30,112,956
TOTAL.....	\$ 90,116,187	\$ 92,250,259

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

Long-term Debt

For the year ended June 30, 2009, the Town's long-term obligations increased by \$5,838,462, due to the issuance of bond anticipation notes of \$7,500,000, which were permanently financed before the report issuance offset by \$5,945,000 in principal payments. In addition, the recording of the other post employment benefit liability for the first time this fiscal year noted above and the increase in claims and judgment (\$2,474,854) related to the internal service fund activity. At the end of the current fiscal year, the Town had total bonded and loan debt outstanding of \$46,330,000. Of this amount, \$13,181,264 will be funded from state grants, resulting in net outstanding debt in the amount of \$33,148,736, 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**

	2009	2008
General purpose bonds	\$ 17,734,920	\$ 19,738,620
School bonds	26,075,080	29,656,380
Sewer	<u>2,520,000</u>	<u>2,880,000</u>
Total	<u>\$ 46,330,000</u>	<u>\$ 52,275,000</u>

The Town maintains an "Baa1" rating from Moody's and an "A-/ Stable" 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 \$350,338,506, 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 2010 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 2010 general fund budget was \$79,823,700, a decrease of 1.73% over the prior year. Budgeted revenue was decreased to more accurately reflect past performance.

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. Thomas Thompson, 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, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 3,452,816
Investments.....	9,292,226
Receivables:	
Property taxes.....	1,102,283
Intergovernmental.....	2,486,550
Other.....	576,873
Other.....	43,036
	16,953,784
Total current assets.....	
	16,953,784
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash.....	31,035
Investments.....	1,698,298
Permanently restricted:	
Investments.....	100,000
	1,829,333
Total restricted assets.....	
	1,829,333
Receivables (net):	
Property taxes.....	1,239,538
Intergovernmental.....	13,116,596
	14,356,134
Total receivables (net).....	
	14,356,134
Other noncurrent assets.....	
	29,995
Capital assets (net of accumulated depreciation):	
Land.....	2,244,590
Construction in progress.....	405,275
Land improvements.....	3,173,129
Buildings.....	47,066,115
Building improvements.....	3,163,296
Machinery and equipment.....	2,681,405
Vehicles.....	2,087,631
Infrastructure.....	29,294,746
	90,116,187
Total capital assets (net of accumulated depreciation).....	
	90,116,187
Total noncurrent assets.....	
	106,331,649
TOTAL ASSETS.....	
	123,285,433

(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, 2009

	GOVERNMENTAL ACTIVITIES
<u>LIABILITIES</u>	
LIABILITIES:	
Current liabilities:	
Accounts payable.....	\$ 3,444,437
Accrued payroll.....	5,018,849
Accrued interest payable.....	660,619
Unearned revenue.....	1,073,536
Bonds and notes payable.....	13,120,000
Compensated absences.....	1,536,248
Claims and judgements.....	4,735,427
Total current liabilities.....	29,589,116
Noncurrent liabilities:	
Bonds, notes and related liabilities.....	40,205,590
Compensated absences.....	6,144,992
Claims and judgements.....	6,845,260
Other liabilities.....	2,056,835
Total noncurrent liabilities.....	55,252,677
TOTAL LIABILITIES.....	84,841,793
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt.....	36,790,597
Restricted for:	
Endowments:	
Nonexpendable.....	100,000
Expendable.....	1,729,333
Unrestricted.....	(176,290)
TOTAL NET ASSETS.....	\$ 38,443,640

(Concluded)

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

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET REVENUE (EXPENSES) AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:					
General government.....	\$ 7,585,922	\$ 1,005,818	\$ 12,000	\$	\$ (6,568,104)
Public safety.....	13,860,530	717,495	207,804		(12,935,231)
Public works.....	9,799,512	177,137	1,000,000	508,202	(8,114,173)
Culture and recreation.....	2,969,521	554,137	36,307		(2,379,077)
Health and welfare.....	2,510,330	239,590	37,609		(2,233,131)
Education.....	57,168,425	709,799	26,031,507		(30,427,119)
Interest expense.....	2,163,201				(2,163,201)
TOTAL.....	\$ 96,057,441	\$ 3,403,976	\$ 27,325,227	\$ 508,202	\$ (64,820,036)
GENERAL REVENUES:					
Property taxes.....					\$ 50,750,056
Grants and contributions not restricted to specific programs.....					1,671,362
Investment income (loss).....					(316,533)
Miscellaneous.....					1,022,800
TOTAL GENERAL REVENUES					53,127,685
CHANGE IN NET ASSETS.....					(11,692,351)
NET ASSETS - JULY 1, 2008 (AS RESTATED).....					50,135,991
NET ASSETS - JUNE 30, 2009.....					\$ 38,443,640

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

TOWN OF EAST HAVEN, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	GENERAL	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash.....	\$ 2,240,638	\$ 24,716	\$	\$ 1,182,303	\$ 3,447,657
Investments.....	4,806,308	2,200,448		1,798,298	8,805,054
Receivables:					
Property taxes.....	2,211,496				2,211,496
Intergovernmental	1,248			130,051	131,299
Other.....	488,150			595	488,745
Due from other funds.....	935,635		1,737,551	931,362	3,604,548
Other.....				43,036	43,036
TOTAL ASSETS.....	\$ 10,683,475	\$ 2,225,164	\$ 1,737,551	\$ 4,085,645	\$ 18,731,835
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable.....	\$ 2,768,468	\$	\$ 261,968	\$ 414,001	\$ 3,444,437
Accrued payroll.....	4,723,615			295,234	5,018,849
Due to other funds.....	3,210,898	20,040	652,819	39,662	3,923,419
Deferred and unearned revenue.....	2,765,502			277,783	3,043,285
TOTAL LIABILITIES.....	13,468,483	20,040	914,787	1,026,680	15,429,990
FUND BALANCES:					
Reserved for:					
Endowments.....				100,000	100,000
Unreserved, reported in:					
General fund.....	(2,785,008)				(2,785,008)
Special revenue funds.....				732,197	732,197
Debt service funds.....		2,205,124			2,205,124
Capital projects funds.....			822,764	497,435	1,320,199
Permanent funds.....				1,729,333	1,729,333
TOTAL FUND BALANCES.....	(2,785,008)	2,205,124	822,764	3,058,965	3,301,845
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 10,683,475	\$ 2,225,164	\$ 1,737,551	\$ 4,085,645	\$ 18,731,835

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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, 2009

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).....	\$	3,301,845
----------------------------------------------	----	-----------

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

Beginning net capital assets.....		92,250,259
Capital assets additions.....		826,632
Depreciation expense.....		(2,642,106)
Disposal of capital assets.....		(318,598)

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

School building grant receivable.....		15,471,847
Property tax interest and lien accrual.....		1,530,325
Property tax receivable - accrual basis change.....		1,969,749
Allowance for doubtful accounts.....		(1,400,000)
Other assets.....		29,995

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.....		(8,852,024)
--------------------------------------------------------------------------------------------------------------------------------------	--	-------------

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.....		(53,830,000)
Deferred charge on refunding.....		504,410
Compensated absences.....		(7,681,240)
Other liabilities.....		(2,056,835)
Accrued interest payable.....		(660,619)

NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	\$	<u>38,443,640</u>
--------------------------------------------	----	-------------------

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property taxes.....	\$ 50,718,358	\$	\$	\$	\$ 50,718,358
Charges for services.....	1,834,054			1,569,922	3,403,976
Intergovernmental.....	26,567,280			5,244,325	31,811,605
Investment income.....	115,449	52,517		54,033	221,999
Change in fair value of investments.....		10,436		(234,335)	(223,899)
Contributions.....				56,803	56,803
Other.....	1,013,241			9,559	1,022,800
TOTAL REVENUES.....	80,248,382	62,953	-	6,700,307	87,011,642
EXPENDITURES:					
Current:					
General government.....	2,226,623			951,475	3,178,098
Public safety.....	9,644,978			181,338	9,826,316
Public works.....	5,206,153			206,246	5,412,399
Culture and recreation.....	1,130,844			872,843	2,003,687
Health and welfare.....	925,911			148,476	1,074,387
Employee benefits and insurance.....	7,191,170				7,191,170
Education.....	47,501,312			4,312,695	51,814,007
General services.....	1,786,853				1,786,853
Debt service:					
Principal.....	5,585,000	360,000			5,945,000
Interest.....	2,040,742	116,910			2,157,652
Capital outlay.....			2,011,689	595,142	2,606,831
TOTAL EXPENDITURES.....	83,239,586	476,910	2,011,689	7,268,215	92,996,400
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(2,991,204)	(413,957)	(2,011,689)	(567,908)	(5,984,758)
OTHER FINANCING SOURCES (USES):					
Issuance of debt.....			6,015,000	1,485,000	7,500,000
Transfers in.....				697,460	697,460
Transfers out.....	(697,460)				(697,460)
NET OTHER FINANCING SOURCES (USES).....	(697,460)	-	6,015,000	2,182,460	7,500,000
NET CHANGE IN FUND BALANCES.....	(3,688,664)	(413,957)	4,003,311	1,614,552	1,515,242
FUND BALANCES, JULY 1, 2008.....	903,656	2,619,081	(3,180,547)	1,444,413	1,786,603
FUND BALANCES, JUNE 30, 2009.....	\$ (2,785,008)	\$ 2,205,124	\$ 822,764	\$ 3,058,965	\$ 3,301,845

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, 2009

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)..... \$ 1,515,242

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.....	826,632
Depreciation expense.....	<u>(2,642,106)</u>
Total	<u>(1,815,474)</u>

The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net assets. In the Statement of Activities, only the ~~loss~~ the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold..... (318,598)

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.....	(2,363,617)
Change in property tax receivable - accrual basis change.....	63,816
Change in property tax interest and lien revenue.....	<u>(32,118)</u>
Total	<u>(2,331,919)</u>

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:	
Issuance of general obligation bonds.....	(7,500,000)
Principal repayments:	
General obligation bonds.....	5,945,000
Capital lease.....	<u>262,000</u>
Total	<u>(1,293,000)</u>

(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, 2009

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.....	\$ (39,489)
Net OPEB obligation.....	(1,961,991)
Accrued interest payable.....	65,246
Amortization of deferred charges.....	(69,129)
Other.....	<u>(1,666)</u>
Total	<u>(2,007,029)</u>
Internal Service Funds are used by management to charge costs of medical insurance benefits to individual departments.....	<u>(5,126,940)</u>
The net revenue of the activities of the Internal Service Fund is reported with governmental activities.....	<u>(314,633)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u>\$ (11,692,351)</u>
	(Concluded)

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 52,668,932	\$ 52,668,932	\$ 50,718,358	\$ (1,950,574)
Intergovernmental.....	23,435,629	23,435,629	23,314,020	(121,609)
Investment income.....	675,000	675,000	115,449	(559,551)
Charges for services.....	2,998,460	2,998,460	1,834,054	(1,164,406)
Other.....	697,000	697,000	1,013,241	316,241
TOTAL REVENUES.....	80,475,021	80,475,021	76,995,122	(3,479,899)
EXPENDITURES:				
Current:				
General government.....	2,254,693	2,335,221	2,226,623	108,598
Public safety.....	9,541,466	9,706,371	9,644,978	61,393
Highways and engineering.....	2,229,045	2,273,473	2,254,102	19,371
Sanitation and maintenance.....	3,301,627	3,346,604	2,952,051	394,553
Health and welfare.....	1,009,006	954,674	925,911	28,763
Culture and recreation.....	1,213,689	1,213,450	1,130,844	82,606
Employee benefits and insurance.....	7,419,680	7,419,680	7,191,170	228,510
Education.....	43,752,612	43,752,612	44,248,052	(495,440)
General services.....	2,180,000	1,899,733	1,786,853	112,880
Debt service.....	7,625,743	7,625,743	7,625,742	1
TOTAL EXPENDITURES.....	80,527,561	80,527,561	79,986,326	541,235
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES..	(52,540)	(52,540)	(2,991,204)	(2,938,664)
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	750,000	750,000		(750,000)
Transfers out.....	(697,460)	(697,460)	(697,460)	-
NET OTHER FINANCING SOURCES (USES).....	52,540	52,540	(697,460)	(750,000)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	(3,688,664)	\$ (3,688,664)
FUND BALANCE - JULY 1, 2008.....			903,656	
FUND BALANCE - JUNE 30, 2009.....			\$ (2,785,008)	

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

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2009

<u>ASSETS</u>	
Cash.....	\$ 40,894
Investments.....	2,285,470
Accounts receivable.....	88,128
Due from other funds.....	<u>541,985</u>
TOTAL ASSETS.....	<u>2,956,477</u>
 <u>LIABILITIES</u>	
Current liabilities:	
Cash overdraft.....	4,700
Claims and judgments payable.....	4,735,427
Due to other funds.....	<u>223,114</u>
Total current liabilities.....	4,963,241
Noncurrent liability:	
Claims and judgments payable.....	<u>6,845,260</u>
TOTAL LIABILITIES.....	<u>11,808,501</u>
 <u>NET ASSETS</u>	
Unrestricted.....	<u>\$ (8,852,024)</u>

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

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

OPERATING REVENUES:	
Charges for services.....	\$ 11,094,230
OPERATING EXPENSES:	
Claims.....	14,920,552
Administration.....	<u>1,300,618</u>
TOTAL OPERATING EXPENSES.....	<u>16,221,170</u>
OPERATING INCOME (LOSS).....	(5,126,940)
NONOPERATING REVENUES:	
Investment income (loss).....	<u>(314,633)</u>
CHANGES IN NET ASSETS.....	(5,441,573)
NET ASSETS - JULY 1, 2008 (AS RESTATED).....	<u>(3,410,451)</u>
NET ASSETS - JUNE 30, 2009.....	<u>\$ (8,852,024)</u>

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, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	
Premiums received.....	\$ 9,689,518
Payments to vendors.....	(1,300,618)
Payments for claims.....	<u>(12,445,698)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	(4,056,798)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Income (loss) on investments.....	<u>(314,633)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(4,371,431)
CASH AND CASH EQUIVALENTS - JULY 1, 2008.....	<u>6,693,095</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2009.....	<u>\$ 2,321,664</u>
RECONCILIATION TO BALANCE SHEET CASH:	
Cash and cash equivalents per above.....	\$ 2,321,664
Cash and cash equivalents reported as investments.....	<u>(2,285,470)</u>
BALANCE SHEET CASH (NET OF CASH OVERDRAFT).....	<u>\$ 36,194</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating income (loss).....	\$ (5,126,940)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Accounts receivable.....	(35,764)
Due from other funds.....	(98,097)
Increase (decrease) in:	
Claims and judgments payable.....	2,474,854
Due to other funds.....	<u>(1,270,851)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	<u>\$ (4,056,798)</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, 2009

	AGENCY FUNDS
<hr/>	
<u>ASSETS</u>	
Cash.....	\$ 210,793
Investments.....	<u>43,914</u>
TOTAL ASSETS.....	<u>\$ 254,707</u>
 <u>LIABILITY</u>	
LIABILITY:	
Accounts payable.....	<u>\$ 254,707</u>

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

TOWN OF EAST HAVEN, CONNECTICUTNOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009HISTORY 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 POLICIESA. 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 Projects 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 65% 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, 2009	\$ 76,995,122	\$ 79,986,326
State Teachers' Retirement on-behalf payment	<u>3,253,260</u>	<u>3,253,260</u>
BALANCE, GAAP BASIS, EXHIBIT D -		
JUNE 30, 2009	<u>\$ 80,248,382</u>	<u>\$ 83,239,586</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, 2009, the amount of appreciation (depreciation) included in unreserved undesignated fund balance for the Hagan Memorial Library was \$(252,331).

D. Deficit Fund Equity

The following funds had deficit fund equity at June 30, 2009:

Economic Development	\$ 34,410
Day Care Fund.....	13,077
School Lunch.....	31,986
Workers' Compensation Fund	10,156,145

E. Budgetary Compliance

The Board of Education over expended its budget by \$495,440 for the fiscal year ended June 30, 2009. As a result the Board of Education was not able to fund its obligation to the Medical Insurance Internal Service Fund by \$1,065,000 and the Workers Compensation Internal Service fund by \$535,000.

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

III. DETAILED NOTES

A. Cash and Investments

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, 2009, \$3,419,183 of the Town's bank balance of \$8,325,058, including certificates of deposits and money market accounts, was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,027,265
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>391,918</u>
Total amount subject to custodial credit risk.....	<u>\$ 3,419,183</u>

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 increased the insurance coverage offered by the Federal Deposit Insurance Corporation (FDIC) from \$100,000 to \$250,000 per depositor. This limit is anticipated to return to \$100,000 after December 31, 2013. Additionally, under the FDIC's Temporary Liquidity Guarantee Program, amounts held in non-interest bearing transaction accounts at participating institutions are fully guaranteed by the FDIC through December 31, 2009. This guarantee is anticipated to be reduced to the \$250,000 limit on January 1, 2010, and the \$100,000 limit on January 1, 2014.

At June 30, 2009, 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
Mutual funds:					
Money market mutual funds	\$ 314,657	\$	\$ 314,657	\$	\$
Equity mutual funds	91,822	91,822			
Corporate bond mutual funds	23,914			23,914	
Government bond mutual funds ...	382,684			243,112	139,572
Certificates of deposit.....	2,132,264		420,567	1,215,880	495,817
Bank money market funds.....	1,855,510		1,855,510		
U.S. Treasury notes	163,336		47,900	107,895	7,541
Pooled fixed income.....	5,649,123		5,649,123		
Equities.....	521,129	521,129			
TOTAL.....	<u>\$ 11,134,438</u>	<u>\$ 612,951</u>	<u>\$ 8,287,756</u>	<u>\$ 1,590,801</u>	<u>\$ 642,930</u>

Of the \$5,649,123 of pooled fixed income, \$4,424,926 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.

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.

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

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

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

<u>AVERAGE RATING</u>	<u>MONEY MARKET MUTUAL FUNDS</u>	<u>CORPORATE BOND MUTUAL FUNDS</u>	<u>GOVERNMENT BOND MUTUAL FUNDS</u>	<u>POOLED FIXED INCOME</u>
AAA.....	\$ 121,124	\$ 6,816	\$	\$ 5,649,123
AA.....		10,907		
BB.....		6,191		
Unrated.....	193,533		382,684	
TOTAL	\$ 314,657	\$ 23,914	\$ 382,684	\$ 5,649,123

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.

	<u>TOTAL</u>	<u>LESS INSURED AMOUNTS</u>	<u>AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK</u>
US Treasury notes.....	\$ 163,336	\$ 163,336	\$ -
Equities.....	521,129	500,000	21,129
TOTAL	\$ 684,465	\$ 663,336	\$ 21,129

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:

	<u>TAXES</u>	<u>PROPERTY TAXES INTEREST & LIEN FEES</u>	<u>TOTAL</u>
Current Portion.....	\$ 928,828	\$ 173,455	\$ 1,102,283
Long-term Portion.....	\$ 1,282,668	\$ 1,356,870	\$ 2,639,538
Less Allowance for Uncollectibles	(400,000)	(1,000,000)	(1,400,000)
Net Long-term Portion.....	\$ 882,668	\$ 356,870	\$ 1,239,538

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)	\$ 1,969,749
UNEARNED REVENUE:	
Advance tax collections	795,753
Grant drawdowns prior to meeting all eligibility requirements.....	<u>277,783</u>
TOTAL DEFERRED AND UNEARNED REVENUE FOR GOVERNMENTAL FUNDS	<u>\$ 3,043,285</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	BALANCE JULY 1, 2008	INCREASES	DECREASES	BALANCE JUNE 30, 2009
<u>Capital Assets, not Being Depreciated:</u>				
Land	\$ 2,244,990	\$	\$ 400	\$ 2,244,590
Construction in progress.....	300,848	405,275	300,848	405,275
Total Capital Assets, not Being Depreciated	<u>2,545,838</u>	<u>405,275</u>	<u>301,248</u>	<u>2,649,865</u>
<u>Capital Assets, Being Depreciated:</u>				
Land improvements	3,847,750	334,074		4,181,824
Buildings.....	62,511,257			62,511,257
Building improvements	4,433,876	34,595		4,468,471
Machinery and equipment.....	5,276,999	23,644	356,527	4,944,116
Vehicles	2,786,929	329,892	188,999	2,927,822
Infrastructure	36,499,321			36,499,321
Total Capital Assets, Being Depreciated.....	<u>115,356,132</u>	<u>722,205</u>	<u>545,526</u>	<u>115,532,811</u>
Total Capital Assets.....	<u>117,901,970</u>	<u>1,127,480</u>	<u>846,774</u>	<u>118,182,676</u>
<u>Less Accumulated Depreciation for:</u>				
Land improvements	858,117	150,578		1,008,695
Buildings.....	14,466,872	978,270		15,445,142
Building improvements	1,175,047	130,128		1,305,175
Machinery and equipment.....	2,079,823	346,002	163,114	2,262,711
Vehicles	685,487	218,918	64,214	840,191
Infrastructure	6,386,365	818,210		7,204,575
Total Accumulated Depreciation	<u>25,651,711</u>	<u>2,642,106</u>	<u>227,328</u>	<u>28,066,489</u>
Total Capital Assets, Being Depreciated, net.....	<u>89,704,421</u>	<u>(1,919,901)</u>	<u>318,198</u>	<u>87,466,322</u>
Governmental Activities Capital Assets, net.....	<u>\$ 92,250,259</u>	<u>\$(1,514,626)</u>	<u>\$ 619,446</u>	<u>\$ 90,116,187</u>

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:

<u>Governmental Activities:</u>	
General government	\$ 42,847
Public safety	264,939
Public works	1,017,077
Culture and recreation	63,898
Health and welfare.....	2,829
Education.....	<u>1,250,516</u>
Total Depreciation Expense - Governmental Activities.....	<u>\$2,642,106</u>

Construction Commitments

At June 30, 2009, the Town had no construction commitments.

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2009 is as follows:

<u>MAJOR FUNDS:</u>	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<u>GENERAL FUND:</u>			
Debt service	N/A	\$ 20,040	\$
Capital projects	N/A	652,819	1,737,551
Public safety	N/A	14,576	50,471
Historical documents preservation	N/A		63,434
Economic Development	N/A		3,445
School roofs and solar panels.....	N/A		372,909
Senior Center special funding	N/A		12
Town pool repair	N/A		1,736
Open space.....	N/A		45,000
Marine enforcement grants.....	N/A		40,973
Public works state aid.....	N/A		2,014
Permanent patch fund.....	N/A	49	
East Haven kennel club	N/A		11,993
Dog licenses.....	N/A		13,401
Health and welfare.....	N/A	37	53,162
Land acquisition	N/A		54,306
Emergency management fund	N/A		28,975
Education grants fund.....	N/A	25,000	
Road Bonding 2008	N/A		6,840
LOCIP	N/A		56,301
Workforce Alliance	N/A		3,750
147 Cosey Beach Avenue purchase.....	N/A		101,010
LOCIP town clerk fees	N/A		21,630
Self insurance reserve.....	N/A	134,751	
Workers' compensation.....	N/A	88,363	
Medical insurance.....	N/A		<u>541,985</u>
TOTAL GENERAL FUND		<u>935,635</u>	<u>3,210,898</u>

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)

	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<u>MAJOR FUNDS: (Continued)</u>			
DEBT SERVICE FUND:			
WPCA debt service fund.....	General Fund	\$	\$ 20,040
CAPITAL PROJECTS	General Fund	1,737,551	652,819
<u>NONMAJOR FUNDS:</u>			
SPECIAL REVENUE FUNDS:			
Public safety	General Fund	50,471	14,576
Senior Center special funding	General Fund	12	
Historical documents preservation.....	General Fund	63,434	
Economic Development	General Fund	3,445	
Town pool repair	General Fund	1,736	
Open space.....	General Fund	45,000	
Marine enforcement grants.....	General Fund	40,973	
Workforce Alliance	General Fund	3,750	
Public works state aid.....	General Fund	2,014	
Permanent patch fund.....	General Fund		49
East Haven kennel club	General Fund	11,993	
Dog licenses.....	General Fund	13,401	
Health and welfare.....	General Fund	53,162	37
Land acquisition	General Fund	54,306	
Education grants fund.....	General Fund		25,000
Emergency management fund.....	General Fund	28,975	
TOTAL SPECIAL REVENUE FUNDS		372,672	39,662
CAPITAL PROJECTS:			
LOCIP.....	General Fund	56,301	
Road Bonding 2008	General Fund	6,840	
147 Cosey Beach Avenue purchase.....	General Fund	101,010	
School roofs and solar panels.....	General Fund	372,909	
LOCIP town clerk fees	General Fund	21,630	
TOTAL CAPITAL PROJECTS FUNDS		558,690	-
TOTAL NONMAJOR GOVERNMENTAL FUNDS		931,362	39,662
INTERNAL SERVICE FUNDS:			
Self insurance reserve.....	General Fund		134,751
Workers' compensation.....	General Fund		88,363
Medical insurance	General Fund	541,985	
TOTAL INTERNAL SERVICE FUNDS.....		541,985	223,114
TOTAL		\$ 4,146,533	\$ 4,146,533

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

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

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

2. Interfund Transfers

A summary of interfund transfers as of June 30, 2009 is as follows:

	<u>CORRESPONDING FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
<u>MAJOR FUNDS:</u>			
<u>GENERAL FUND:</u>			
Hagaman Memorial Library.....	N/A	\$	\$ 697,460
<u>NONMAJOR FUNDS:</u>			
<u>SPECIAL REVENUE FUNDS:</u>			
Hagaman Memorial Library.....	General Fund	<u>697,460</u>	
<u>GRAND TOTAL.....</u>		<u>\$ 697,460</u>	<u>\$ 697,460</u>

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, 2009, was as follows:

	<u>BALANCE JULY 1, 2008</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>PERMANENTLY FINANCED</u>	<u>BALANCE JUNE 30, 2009</u>
<u>BOND ANTICIPATION NOTES:</u>					
Capital Improvements 2006	\$ 475,000	\$ 475,000	\$ 475,000	\$ 475,000	\$ -
Capital Improvements 2007	1,150,000	1,990,000	1,150,000	1,990,000	-
Capital Improvements 2008	1,000,000	1,700,000	1,000,000	1,700,000	-
Capital Improvements 2009		1,600,000		1,600,000	-
Capital Improvements Revaluation.....	250,000	250,000	250,000	250,000	-
Road Bonding 2008		1,000,000		1,000,000	-
School Improvements.....		<u>485,000</u>		<u>485,000</u>	-
<u>TOTAL</u>	<u>\$ 2,875,000</u>	<u>\$ 7,500,000</u>	<u>\$ 2,875,000</u>	<u>\$ 7,500,000</u>	<u>\$ -</u>

The bond anticipation notes mature September 16, 2009, and carry an interest rate of 3.24%. 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 1, 2009, the Town issued \$7,595,000 of bonds with interest rates of 4.25% to 6.00% maturing September 2028. The bonds were issued to pay off the \$7,500,000 of bond anticipation notes outstanding. The Town also issued \$4,000,000 of bond anticipation notes with an interest rate of 2.25% maturing on August 3, 2010, and to provide money for school 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, 2008 (AS RESTATED)	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2009	CURRENT PORTION
BONDS/NOTES:									
General Purpose:									
Refunding Bond.....	\$ 7,873,000	10/01/98	2011	4.25-4.80%	\$ 975,000	\$	\$ 408,200	\$ 566,800	\$ 296,400
Improvement Bond.	6,800,000	12/01/01	2022	4.39%	4,760,000		340,000	4,420,000	340,000
Refunding Bond.....	4,505,600	02/15/03	2016	3.44%	2,682,620		430,500	2,252,120	425,520
Improvement Bond.	6,031,000	08/15/05	2025	4.10%	5,556,000		260,000	5,296,000	260,000
Refunding Bond.....	3,609,000	08/15/05	2019	3.84%	2,765,000		415,000	2,350,000	410,000
Improvement Bond.	3,000,000	08/24/07	2028	4.1-5.5%	3,000,000		150,000	2,850,000	150,000
Total General Purpose.....					19,738,620	-	2,003,700	17,734,920	1,881,920
Schools:									
Refunding	7,267,000	10/01/98	2011	4.25-4.80%	900,000		376,800	523,200	273,600
Refunding	25,294,400	02/15/03	2017	3.4386%	16,717,380		2,059,500	14,657,880	2,089,480
School Bonds	149,000	08/15/05	2025	4.1005%	119,000		15,000	104,000	15,000
Refunding	13,991,000	08/15/05	2019	3.8399%	11,920,000		1,130,000	10,790,000	1,000,000
Total Schools					29,656,380	-	3,581,300	26,075,080	3,378,080
Sewer:									
Sewer Bond.....	5,000,000	12/01/01	2016	4.3899%	2,880,000		360,000	2,520,000	360,000
TOTAL BONDS/NOTES.....					52,275,000	-	5,945,000	46,330,000	5,620,000
DEFERRED CHARGES.....					(573,539)		(69,129)	(504,410)	
TOTAL BONDS/NOTES AND RELATED LIABILITIES.....					51,701,461	-	5,875,871	45,825,590	5,620,000
BOND ANTICIPATION NOTES						7,500,000		7,500,000	7,500,000
COMPENSATED ABSENCES					7,641,751	3,339,474	3,299,986	7,681,239	1,536,248
CAPITAL LEASES					262,000		262,000	-	
LANDFILL CLOSURE COSTS.....					94,844			94,844	
NET OPEB OBLIGATIONS.....						3,667,154	1,705,163	1,961,991	
CLAIMS AND JUDGMENTS (Internal Service Funds).....					9,105,833	14,920,552	12,445,698	11,580,687	4,735,427
TOTAL LONG-TERM OBLIGATIONS					\$ 68,805,889	\$ 29,427,180	\$ 23,588,718	\$ 74,644,351	\$ 19,391,675

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
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	7,260	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	<u>\$13,181,264</u>	<u>\$ 2,290,583</u>	<u>\$46,330,000</u>	<u>\$ 9,822,311</u>

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	\$ 112,608,806	\$ 24,749,920	\$ 87,858,886
Schools	225,217,611	13,378,816	211,838,795
Sewers	187,681,343	2,520,000	185,161,343
Urban renewal	162,657,164		162,657,164
Pension deficit	150,145,074		150,145,074

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 total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$350,338,506.

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 \$13,181,264 for bond principal is reflected as deductions in the computation of net indebtedness.

2. 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.

3. Authorized/Unissued Bonds

At June 30, 2009, the Town had authorized and unissued bonds as follows:

	<u>AUTHORIZED/ UNISSUED BONDS</u>
General purpose.....	\$10,610,750
Schools	<u>9,525,000</u>
Total.....	<u>\$20,135,750</u>

4. 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, 2009, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$29,510,000.

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, (AS RESTATED)	CURRENT YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIMS PAID	CLAIMS PAYABLE JUNE 30,
Self-Insurance Fund:				
2008	\$ 585,300	\$ 238,593	\$ 233,593	\$ 590,300
2009	590,300	537,739	531,660	596,379
Workers' Compensation Fund:				
2008	\$ 1,505,578	\$ 3,507,969	\$ 2,647,363	\$ 2,365,894
2009	7,724,690	4,457,798	2,119,406	10,063,082
Medical Insurance Fund:				
2008	\$ 742,322	\$ 8,619,393	\$ 8,570,872	\$ 790,843
2009	790,843	9,925,015	9,794,632	921,226

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

IV. OTHER INFORMATION (CONTINUED)

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.

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, 2007, 2008 and 2009 were \$911,420, \$1,257,771 and \$1,336,156, respectively.

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

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-Employment Benefits Plan

1. Plan Description

The Town administers two single-employer, post retirement healthcare plans for the Town and the Board of Education. The Town and Board of Education plans provide medical, prescription drug, dental and vision benefits for eligible retirees and their spouses. Certain groups within the Town are also offered life insurance. The plans do not issue stand alone financial reports.

2. Benefit Provisions

a. Benefit Provisions

The Town plan provides for medical, prescription drug, dental and vision benefits for all eligible Town Dispatcher, Fire, Police, Public Service, Supervisor and Town Hall retirees and their spouses. The Board of Education plan provides medical, prescription drug, dental and vision benefits for all Board of Education Teacher, Administrator, Mid-Management, Custodian, Nurse, Cafeteria and Secretary retirees and their spouses. Life insurance is offered for certain groups with the Town. Public Service, Supervisor and Town Hall retirees do not have surviving spouse coverage. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

b. Employer Contributions

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town and Board of Education's total plan contributions were \$1,502,812 and \$202,351, respectively.

c. Employee Contributions

There are no employee contributions to the plan.

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

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-Employment Benefits Plan (Continued)

3. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER/ (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>TOWN</u>						
JUNE 30, 2009	\$ -	\$55,747,276	\$(55,747,276)	0.0%	N/A	N/A
<u>BOARD OF EDUCATION</u>						
JUNE 30, 2009	\$ -	\$ 6,519,480	\$(6,519,480)	0.0%	N/A	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, immediately following the notes to the financial statements (RSI), presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

4. Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarially accrued liabilities and the actuarial value of assets.

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

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

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-Employment Benefits Plan (Continued)

4. Actuarial Methods and Assumptions (Continued)

VALUATION DATE	June 30, 2009
ACTUARIAL COST METHOD	Projected Unit Credit
AMORTIZATION METHOD	Level Dollar
REMAINING AMORTIZATION PERIOD	30 years closed
ASSET VALUATION METHOD	Fair Value
 <u>ACTUARIAL ASSUMPTIONS:</u>	
Investment rate of return	4.5%
Healthcare inflation rate:	
Initial	10%
Ultimate	5%

5. Annual OPEB Cost and Net OPEB Obligation (NOO)

The changes in the NOO were as follows:

	<u>TOWN</u>	<u>BOARD OF EDUCATION</u>
Annual required contribution	\$ 3,251,952	\$ 415,202
Interest on net OPEB obligation	--	--
Adjustment to annual required contribution	<u> --</u>	<u> --</u>
Annual OPEB cost	3,251,952	415,202
Contributions made	<u>1,502,812</u>	<u>202,351</u>
Change in net OPEB obligation	1,749,140	212,851
Net OPEB obligation - July 1, 2008	<u> --</u>	<u> --</u>
Net OPEB obligation - June 30, 2009	<u>\$ 1,749,140</u>	<u>\$ 212,851</u>

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

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-Employment Benefits Plan (Continued)

6. One Year Trend Information

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
TOWN			
2009	\$ 3,251,952	46.2%	\$ 1,749,140
BOARD OF EDUCATION			
2009	\$ 415,202	48.7%	\$ 212,851

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 \$3,253,260.

F. Restatements

Government-Wide Financial Statements

The beginning net assets for governmental activities were restated as follows:

Net Assets, June 30, 2008, as previously reported	\$ 55,494,787
To adjust the Workers' Compensation claims and judgments payable	<u>(5,358,796)</u>
Net Assets, July 1, 2008, as restated	<u>\$ 50,135,991</u>

Fund Financial Statements

The beginning net assets for the Internal Service Fund's were restated as follows:

Net Assets, June 30, 2008, as previously reported	\$ 1,948,345
To adjust the Workers' Compensation claims and judgments payable	<u>(5,358,796)</u>
Net Assets, July 1, 2008, as restated	<u>\$ (3,410,451)</u>

TOWN OF EAST HAVEN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
EAST HAVEN OTHER POST EMPLOYMENT BENEFIT PLANS

SCHEDULE OF FUNDING PROGRESS

TOWN PLAN						
	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>JUNE 30,</u>						
2009	\$ -	\$ 55,747,276	\$ (55,747,276)	0.0%	N/A	N/A

BOARD OF EDUCATION PLAN						
	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>JUNE 30,</u>						
2009	\$ -	\$ 6,519,480	\$ (6,519,480)	0.0%	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

TOWN PLAN			
ACTUARIAL VALUATION DATE	ANNUAL REQUIRED CONTRIBUTIONS	ACTUAL CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
<u>JUNE 30,</u>			
2009	\$ 3,251,952	\$ 1,502,812	46.2%

BOARD OF EDUCATION PLAN			
ACTUARIAL VALUATION DATE	ANNUAL REQUIRED CONTRIBUTIONS	ACTUAL CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
<u>JUNE 30,</u>			
2009	\$ 415,202	\$ 202,351	48.7%

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, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Real estate.....	\$ 45,840,046	\$ 45,840,046	\$ 44,650,392	\$ (1,189,654)
Motor vehicle & personal property.....	4,345,412	4,345,412	4,118,541	(226,871)
Supplemental motor vehicle.....	599,500	599,500	373,336	(226,164)
Delinquent taxes.....	910,000	910,000	823,656	(86,344)
Suspense collections.....	196,966	196,966	165,254	(31,712)
Interest, penalties & liens.....	658,000	658,000	479,175	(178,825)
Telecommunication property tax.....	119,008	119,008	108,004	(11,004)
TOTAL PROPERTY TAXES.....	52,668,932	52,668,932	50,718,358	(1,950,574)
INTERGOVERNMENTAL REVENUES:				
State aid school construction.....	2,363,617	2,363,617	2,363,617	-
Health & welfare non public school.....	46,280	46,280	35,752	(10,528)
Pupil transportation.....	416,436	416,436	472,955	56,519
Education block grant.....	18,764,125	18,764,125	18,748,275	(15,850)
P.I.L.O.T. state property.....	390,888	390,888	290,775	(100,113)
P.I.L.O.T. Pequot funds.....	283,526	283,526	279,049	(4,477)
P.I.L.O.T. water authority.....	486,372	486,372	486,372	-
P.I.L.O.T. GNHWPCA.....	63,000	63,000	63,000	-
Elderly circuit breaker.....	369,741	369,741	338,056	(31,685)
Tax relief elderly.....	21,166	21,166	23,166	2,000
Veterans' exemption.....	86,327	86,327	76,091	(10,236)
Disability reimbursement.....	4,867	4,867	4,627	(240)
Manufacturer equipment.....	38,060	38,060	43,816	5,756
P.I.L.O.T. BOATS.....	8,600	8,600		(8,600)
Off Track Betting (OTB).....	66,024	66,024	66,410	386
General assistance reimb.....	1,000	1,000		(1,000)
State of CT. dept of children.....	25,600	25,600	22,059	(3,541)
TOTAL INTERGOVERNMENTAL REVENUES.....	23,435,629	23,435,629	23,314,020	(121,609)
INVESTMENT INCOME.....	675,000	675,000	115,449	(559,551)
CHARGES FOR SERVICES:				
Zoning board of appeals.....	7,000	7,000	3,826	(3,174)
Zoning fees.....	47,560	47,560	14,207	(33,353)
Police permits, tags, etc.....	13,000	13,000	15,121	2,121
Fire permits/fees.....	10,000	10,000	10,000	(8,965)
Town clerk fees.....	750,000	750,000	353,175	(396,825)
Building dept permits.....	275,000	275,000	129,772	(145,228)
Recreation fees.....	115,000	115,000	92,474	(22,526)
Pool fees.....	22,000	22,000	19,675	(2,325)
Athletic complex fees.....	315,000	315,000	316,938	1,938
C.A.M. fees.....	1,400	1,400	500	(900)
Human services fees.....	158,000	158,000	156,773	(1,227)
Landfill fees.....	27,500	27,500	19,565	(7,935)
Solid waste hauler fees.....	62,000	62,000	9,600	(52,400)
Inland/wetland prints.....	5,000	5,000	2,366	(2,634)
Flood and erosion.....	5,500	5,500	920	(4,580)
Police special assignments.....	625,000	625,000	659,664	34,664
Sale of town property.....	559,500	559,500	38,443	(521,057)
TOTAL CHARGES FOR SERVICES.....	2,998,460	2,998,460	1,834,054	(1,164,406)
OTHER REVENUES:				
Employee benefit cost sharing.....	385,000	385,000	288,609	(96,391)
Workman comp. reimbursement.....	175,000	175,000	287,188	112,188
Miscellaneous.....	137,000	137,000	437,444	300,444
TOTAL OTHER REVENUES.....	697,000	697,000	1,013,241	316,241
TOTAL REVENUES.....	80,475,021	80,475,021	76,995,122	(3,479,899)
OTHER FINANCING SOURCES:				
Appropriation of fund balance.....	750,000	750,000		(750,000)
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 81,225,021	\$ 81,225,021	\$ 76,995,122	\$ (4,229,899)

TOWN OF EAST HAVEN, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
Town council.....	\$ 55,200	\$ 58,200	\$ 54,192	\$ 4,008
Board of finance.....	6,800	7,067	7,000	67
Mayor.....	135,910	157,945	146,222	11,723
Finance.....	360,345	361,490	361,489	1
Purchasing.....	131,335	131,335	106,868	24,467
Tax collector.....	255,432	256,362	255,812	550
Assessor.....	251,520	255,694	255,183	511
Personnel, administration and management.....	279,832	279,832	263,934	15,898
Board of assessment appeals.....	1,900	2,400	2,100	300
Town clerk.....	235,972	236,123	223,074	13,049
Registrar of Voters.....	86,605	86,605	82,983	3,622
Planning & zoning.....	122,485	122,535	121,088	1,447
Zoning board of appeals.....	3,525	3,475	1,925	1,550
Legal.....	269,550	317,676	295,587	22,089
Probate.....	7,800	7,800	7,259	541
Civil service.....	44,597	44,597	37,664	6,933
Flood & erosion.....	1,500	1,500	1,200	300
Inland/wetland.....	2,400	2,400	964	1,436
School building committee.....	1,985	2,185	2,079	106
TOTAL GENERAL GOVERNMENT.....	2,254,693	2,335,221	2,226,623	108,598
PUBLIC SAFETY:				
Board of police commissioners.....	2,025	3,025	1,536	1,489
Canine control.....	164,460	164,460	155,242	9,218
Police Departments.....	4,603,109	4,742,552	4,733,218	9,334
Board of fire commissioners.....	13,400	13,400	11,923	1,477
Fire department.....	4,758,472	4,782,934	4,743,059	39,875
TOTAL PUBLIC SAFETY.....	9,541,466	9,706,371	9,644,978	61,393
HIGHWAYS AND ENGINEERING:				
Engineering.....	205,945	207,584	203,696	3,888
Highways.....	2,023,100	2,065,889	2,050,406	15,483
TOTAL HIGHWAYS AND ENGINEERING.....	2,229,045	2,273,473	2,254,102	19,371
SANITATION AND MAINTENANCE:				
Building department.....	144,539	144,539	132,694	11,845
Sanitation.....	2,492,437	2,479,134	2,167,631	311,503
Building maintenance.....	664,651	722,931	651,726	71,205
TOTAL SANITATION AND MAINTENANCE.....	3,301,627	3,346,604	2,952,051	394,553
HEALTH AND WELFARE:				
Public health.....	216,846	216,846	213,720	3,126
Social services.....	78,093	78,093	68,414	9,679
Housing code.....	1,900	1,900	1,900	1,900
Counseling & community services.....	557,450	558,262	553,031	5,231
Housing authority.....	84,565	28,868	21,144	7,724
Urban renewal.....	70,152	70,705	69,602	1,103
TOTAL HEALTH AND WELFARE.....	1,009,006	954,674	925,911	28,763

(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.....	\$ 460,714	\$ 508,870	\$ 501,406	\$ 7,464
Recreation - ice rink.....	460,570	413,320	385,591	27,729
Senior center.....	197,955	197,955	184,223	13,732
Community services.....	94,450	93,305	59,624	33,681
TOTAL CULTURE AND RECREATION.....	1,213,689	1,213,450	1,130,844	82,606
EMPLOYEE BENEFITS AND INSURANCE:				
Employee benefits.....	5,785,600	5,785,600	5,636,569	149,031
Insurance.....	1,634,080	1,634,080	1,554,601	79,479
TOTAL EMPLOYEE BENEFITS AND INSURANCE..	7,419,680	7,419,680	7,191,170	228,510
EDUCATION.....	43,752,612	43,752,612	44,248,052	(495,440)
GENERAL SERVICES.....	2,180,000	1,899,733	1,786,853	112,880
DEBT SERVICE:				
Principal.....	5,585,000	5,585,000	5,585,000	-
Interest.....	2,040,743	2,040,743	2,040,742	1
TOTAL DEBT SERVICE.....	7,625,743	7,625,743	7,625,742	1
TOTAL EXPENDITURES.....	80,527,561	80,527,561	79,986,326	541,235
OTHER FINANCING USES:				
Transfer out.....	697,460	697,460	697,460	-
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 81,225,021	\$ 81,225,021	\$ 80,683,786	\$ 541,235

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUT

REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2009

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2008	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED AMOUNT COLLECTIBLE	TAXES COLLECTED	INTEREST & LIEN FEES	TOTAL	UNCOLLECTED TAXES JUNE 30, 2009
			ADDITIONS	DEDUCTIONS						
1992	\$ 63,904	\$	\$	\$ 63,904	\$	\$ -	\$	\$ -	\$ -	\$ -
1993	60,257			282		59,975		-		59,975
1994	69,007			681		68,326		-		68,326
1995	86,986		236	1,103		86,119	71	158	229	86,048
1996	64,001		614	1,098		63,517	385		385	63,132
1997	55,330		370	1,375		54,325	10	20	30	54,315
1998	51,657			1,763		49,894			-	49,894
1999	54,709		806	2,092		53,423	1,098	486	1,584	52,325
2000	65,877			3,656		62,221	123	1,256	1,379	62,098
2001	71,462		135	3,187		68,410	6,428	6,875	13,303	61,982
2002	85,303		109	3,187		82,225	7,820	6,461	14,281	74,405
2003	80,883		407	3,737		77,553	8,094	6,596	14,690	69,459
2004	104,553		310	4,493		100,370	10,272	6,125	16,397	90,098
2005	191,209		72,541	26,274		237,476	137,320	35,447	172,767	100,156
2006	1,078,918		54,360	252,397	207,098	673,783	468,788	120,535	589,323	204,995
TOTAL PRIOR YEARS	2,184,056	-	129,888	369,229	207,098	1,737,617	640,409	183,959	824,368	1,097,208
2007		50,005,888	246,449	413,171	332	49,838,834	48,724,546	214,249	48,938,795	1,114,288
TOTAL	\$ 2,184,056	\$ 50,005,888	\$ 376,337	\$ 782,400	\$ 207,430	\$ 51,576,451	49,364,955	398,208	49,763,163	\$ 2,211,496
Suspense collections							165,254	96,775	262,029	
							\$ 49,530,209	\$ 494,983	\$ 50,025,192	

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	Health and Welfare
Economic Development	Land Acquisition
Town Pool Repair	Clean Energy
Open Space	Emergency Management Fund
Workforce Alliance	Day Care
Marine Enforcement Grants	Athletic Department
Public Works State Aid	High School Rental
Permanent Patch Fund	School Lunch
East Haven Kennel Club	Education Grants
Small Cities	
Dog Licenses	
Senior Center Special Funding	
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.

Road Bonding 2008

LOCIP

CBD Revitalization Construction Phase II

147 Cosey Beach Avenue Purchase

School Roofs and Solar Panels

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, 2009

	SPECIAL REVENUE FUNDS						
	PUBLIC SAFETY	HISTORICAL DOCUMENTS PRESERVATION	ECONOMIC DEVELOPMENT	TOWN POOL REPAIR	OPEN SPACE	WORKFORCE ALLIANCE	MARINE ENFORCEMENT GRANTS
ASSETS							
Cash.....	\$ 10,976	\$	\$	\$	\$	\$	\$
Receivables:							
Intergovernmental.....							
Other.....			300				
Due from other funds.....	50,471	63,434	3,445	1,736	45,000	3,750	40,973
TOTAL ASSETS.....	\$ 61,447	\$ 63,434	\$ 3,745	\$ 1,736	\$ 45,000	\$ 3,750	\$ 40,973
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable.....	\$ 5,064	\$ 1,132	\$ 38,155	\$	\$	\$	\$
Due to other funds.....	14,576						
TOTAL LIABILITIES.....	19,640	1,132	38,155	-	-	-	-
FUND BALANCES:							
Unreserved and undesignated.....	41,807	62,302	(34,410)	1,736	45,000	3,750	40,973
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 61,447	\$ 63,434	\$ 3,745	\$ 1,736	\$ 45,000	\$ 3,750	\$ 40,973

(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 SPECIAL FUNDING	SENIOR CENTER
<u>ASSETS</u>							
Cash.....	\$	\$	\$	\$ 100,501	\$	\$	\$ 11,908
Receivables:							
Other.....		217					
Due from other funds.....	2,014		11,993		13,401	12	
TOTAL ASSETS.....	\$ 2,014	\$ 217	\$ 11,993	\$ 100,683	\$ 13,401	\$ 12	\$ 11,908
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable.....	\$ 1,779	\$	\$ 1,025	\$	\$ 1,731	\$	\$ 5,614
Accrued payroll.....							
Due to other funds.....		49					
Deferred and unearned revenue.....				59,192			
TOTAL LIABILITIES.....	1,779	49	1,025	59,192	1,731	-	5,614
FUND BALANCES:							
Unreserved and undesignated.....	235	168	10,968	41,491	11,670	12	6,294
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 2,014	\$ 217	\$ 11,993	\$ 100,683	\$ 13,401	\$ 12	\$ 11,908

(Continued)

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

	SPECIAL REVENUE FUNDS			
	HAGAMAN MEMORIAL LIBRARY	HEALTH AND WELFARE	LAND ACQUISITION	EMERGENCY MANAGEMENT FUND
<u>ASSETS</u>				
Cash.....	\$ 90,749	\$ 73	\$	\$
Receivables:				
Other.....		78		
Due from other funds.....		53,162	54,306	28,975
TOTAL ASSETS.....	\$ 90,749	\$ 53,313	\$ 54,306	\$ 28,975
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable.....	\$	\$ 12,265	\$	\$
Due to other funds.....		37		
Deferred and unearned revenue.....		768		
TOTAL LIABILITIES.....	-	13,070	-	-
FUND BALANCES:				
Unreserved and undesignated.....	90,749	40,243	54,306	28,975
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 90,749	\$ 53,313	\$ 54,306	\$ 28,975

(Continued)

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

SPECIAL REVENUE FUNDS

	DAY CARE	ATHLETIC DEPARTMENT	HIGH SCHOOL RENTAL	SCHOOL LUNCH	EDUCATION GRANTS	TOTAL
<u>ASSETS</u>						
Cash.....	\$ 20,862	\$ 52,315	\$ 167,975	\$ 29,311	\$ 666,598	\$ 1,151,268
Receivables:						
Intergovernmental.....				113,079	16,972	130,051
Other.....						595
Due from other funds.....						372,672
Other.....				42,854		43,036
TOTAL ASSETS.....	\$ 20,862	\$ 52,315	\$ 167,975	\$ 185,244	\$ 683,570	\$ 1,697,622
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
Accounts payable.....	\$	\$	\$	\$ 188,064	\$ 97,917	\$ 352,746
Accrued payroll.....	33,939			29,166	232,129	295,234
Due to other funds.....					25,000	39,662
Deferred and unearned revenue.....					217,823	277,783
TOTAL LIABILITIES.....	33,939	-	-	217,230	572,869	965,425
FUND BALANCES:						
Unreserved and undesignated.....	(13,077)	52,315	167,975	(31,986)	110,701	732,197
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 20,862	\$ 52,315	\$ 167,975	\$ 185,244	\$ 683,570	\$ 1,697,622

(Continued)

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

	CAPITAL PROJECTS FUNDS					TOTAL
	ROAD BONDING 2008	LOCIP	147 COSEY BEACH AVENUE PURCHASE	SCHOOL ROOFS & SOLAR PANELS	LOCIP TOWN CLERK FEES	
<u>ASSETS</u>						
Due from other funds.....	\$ 6,840	\$ 56,301	\$ 101,010	\$ 372,909	\$ 21,630	\$ 558,690
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES:</u>						
Accounts payable.....	\$	\$	\$ 61,255	\$	\$	\$ 61,255
<u>FUND BALANCES:</u>						
Unreserved and undesignated.....	6,840	56,301	39,755	372,909	21,630	497,435
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 6,840	\$ 56,301	\$ 101,010	\$ 372,909	\$ 21,630	\$ 558,690

(Continued)

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

	PERMANENT FUNDS					TOTAL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	J. WOODWARD THOMPSON EDUCATION FUND	LIBRARY FUND	ELIZABETH MCHARDY TRUST	ISAAC HAGAMAN LIBRARY FUND	A. J. BERMAN LIBRARY FUND		
<u>ASSETS</u>							
Cash.....	\$		\$		\$		\$
Investments.....		413,914		30,687		105,057	
Receivables:				348		1,001,843	
Intergovernmental.....						9,765	
Other.....							31,035
Due from other funds.....							1,798,298
Other.....							-
							130,051
							595
							931,362
							43,036
TOTAL ASSETS.....	\$	413,914	\$	298,406	\$	105,057	\$
				1,002,191		9,765	\$
						1,829,333	\$
							4,085,645
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable.....	\$		\$		\$		\$
Accrued payroll.....							414,001
Due to other funds.....							295,234
Deferred and unearned revenue.....							39,662
							277,783
TOTAL LIABILITIES.....							1,026,680
FUND BALANCES:							
Reserved for endowments.....				100,000		100,000	100,000
Unreserved and undesignated.....		413,914	298,406	105,057	902,191	9,765	1,729,333
TOTAL FUND BALANCES.....		413,914	298,406	105,057	1,002,191	9,765	3,058,965
TOTAL LIABILITIES AND FUND BALANCES.....	\$	413,914	\$	298,406	\$	105,057	\$
				1,002,191		9,765	\$
						1,829,333	\$
							4,085,645

(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, 2009

	SPECIAL REVENUE FUNDS						
	PUBLIC SAFETY	HISTORICAL DOCUMENTS PRESERVATION	ECONOMIC DEVELOPMENT	TOWN POOL REPAIR	OPEN SPACE	WORKFORCE ALLIANCE	MARINE ENFORCEMENT GRANTS
REVENUES:							
Charges for services.....	\$ 6,010	\$ 20,464	\$	\$ 1,065	\$	\$ 6,000	\$
Intergovernmental.....	174,507	12,000					8,585
TOTAL REVENUES.....	180,517	32,464	-	1,065	-	6,000	8,585
EXPENDITURES:							
Current:							
General government.....		26,150	252			2,250	4,043
Public safety.....	141,191		90				
Capital outlay.....	10,075						
TOTAL EXPENDITURES.....	151,266	26,150	342	-	-	2,250	4,043
NET CHANGE IN FUND BALANCES.....	29,251	6,314	(342)	1,065	-	3,750	4,542
FUND BALANCES, JULY 1, 2008.....	12,556	55,988	(34,068)	671	45,000	-	36,431
FUND BALANCES, JUNE 30, 2009.....	\$ 41,807	\$ 62,302	\$ (34,410)	\$ 1,736	\$ 45,000	\$ 3,750	\$ 40,973

(Continued)

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 SPECIAL FUNDING	SENIOR CENTER
REVENUES:							
Charges for services.....	\$	\$	\$ 16,405	\$ 17,135	\$ 19,260	\$	\$ 67,577
Intergovernmental.....	203,745			264,671		5,000	
Investment income.....				3,985			
Other.....							
TOTAL REVENUES.....	203,745	-	16,405	285,791	19,260	5,000	67,577
EXPENDITURES:							
Current:							
General government.....				294,177		4,988	
Public safety.....			12,636		7,192		
Public works.....	206,246						
Health and welfare.....							62,870
TOTAL EXPENDITURES.....	206,246	-	12,636	294,177	7,192	4,988	62,870
NET CHANGE IN FUND BALANCES.....	(2,501)	-	3,769	(8,386)	12,068	12	4,707
FUND BALANCES, JULY 1, 2008.....	2,736	168	7,199	49,877	(398)	-	1,587
FUND BALANCES, JUNE 30, 2009.....	\$ 235	\$ 168	\$ 10,968	\$ 41,491	\$ 11,670	\$ 12	\$ 6,294

(Continued)

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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	HEALTH AND WELFARE	LAND ACQUISITION	CLEAN ENERGY	EMERGENCY MANAGEMENT FUND
REVENUES:					
Charges for services.....	\$ 56,973	\$ 82,817	\$ -	\$ 2,000	\$ -
Intergovernmental.....	8,992	6,250	-	-	24,712
Contributions.....	3,263	4,300	-	-	-
Other.....	9,559	-	-	-	-
TOTAL REVENUES.....	78,787	93,367	-	2,000	24,712
EXPENDITURES:					
Current:					
General government.....	-	-	-	2,000	-
Public safety.....	-	-	-	-	20,229
Culture and recreation.....	798,915	-	-	-	-
Health and welfare.....	-	85,606	-	-	-
TOTAL EXPENDITURES.....	798,915	85,606	-	2,000	20,229
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(720,128)	7,761	-	-	4,483
OTHER FINANCING SOURCES (USES):					
Transfers in.....	697,460	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(22,668)	7,761	-	-	4,483
FUND BALANCES, JULY 1, 2008.....	113,417	32,482	54,306	-	24,492
FUND BALANCES, JUNE 30, 2009.....	\$ 90,749	\$ 40,243	\$ 54,306	\$ -	\$ 28,975

(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	HIGH SCHOOL RENTAL	SCHOOL LUNCH	EDUCATION GRANTS	TOTAL
REVENUES:						
Charges for services.....	\$ 549,072	\$ 60,957	\$ 51,331	\$ 567,176	\$ 30,335	\$ 1,554,577
Intergovernmental.....				687,768	2,808,309	4,204,539
Investment income.....						3,985
Contributions.....		25,188				32,751
Other.....						9,559
TOTAL REVENUES.....	549,072	86,145	51,331	1,254,944	2,838,644	5,805,411
EXPENDITURES:						
Current:						
General government.....	617,615					951,475
Public safety.....						181,338
Public works.....						206,246
Culture and recreation.....						798,915
Health and welfare.....						148,476
Education.....		104,192	16,873	1,330,260	2,861,370	4,312,695
Capital outlay.....						10,075
TOTAL EXPENDITURES.....	617,615	104,192	16,873	1,330,260	2,861,370	6,609,220
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(68,543)	(18,047)	34,458	(75,316)	(22,726)	(803,809)
OTHER FINANCING SOURCES (USES):						
Transfers in.....						697,460
NET CHANGE IN FUND BALANCES.....	(68,543)	(18,047)	34,458	(75,316)	(22,726)	(106,349)
FUND BALANCES, JULY 1, 2008.....	55,466	70,362	133,517	43,330	133,427	838,546
FUND BALANCES, JUNE 30, 2009.....	\$ (13,077)	\$ 52,315	\$ 167,975	\$ (31,986)	\$ 110,701	\$ 732,197

(Continued)

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

	CAPITAL PROJECTS FUNDS						TOTAL
	ROAD BONDING 2008	LOCIP	CDB REVITALIZATION CONSTRUCTION PHASE II	147 COSEY BEACH AVENUE PURCHASE	SCHOOL ROOFS & SOLAR PANELS	LOCIP TOWN CLERK FEES	
REVENUES:							
Charges for services.....	\$	\$	\$	\$	\$	\$	\$
Intergovernmental.....		39,786	1,000,000			15,345	1,039,786
TOTAL REVENUES.....	-	39,786	1,000,000	-	-	15,345	1,055,131
EXPENDITURES:							
Capital outlay.....	222,020	38,285		154,124	112,091	58,547	585,067
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(222,020)	1,501	1,000,000	(154,124)	(112,091)	(43,202)	470,064
OTHER FINANCING SOURCES (USES):							
Issuance of debt.....	1,000,000				485,000		1,485,000
NET CHANGE IN FUND BALANCES.....	777,980	1,501	1,000,000	(154,124)	372,909	(43,202)	1,955,064
FUND BALANCES, JULY 1, 2008.....	(771,140)	54,800	(1,000,000)	193,879	-	64,832	(1,457,629)
FUND BALANCES, JUNE 30, 2009.....	\$ 6,840	\$ 56,301	\$ -	\$ 39,755	\$ 372,909	\$ 21,630	\$ 497,435

(Continued)

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

	PERMANENT FUNDS					TOTAL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	J. WOODWARD THOMPSON EDUCATION FUND	LIBRARY FUND	ELIZABETH MCHARDY TRUST	ISAAC HAGAMAN LIBRARY FUND	A. J. BERMAN LIBRARY FUND		
REVENUES:							
Charges for services.....	\$	\$	\$	\$	\$	-	\$ 1,569,922
Intergovernmental.....						-	5,244,325
Investment income.....	5,516	6,122	3,964	34,446		50,048	54,033
Change in fair value of investments.....			(31,949)	(197,987)	(4,399)	(234,335)	(234,335)
Contributions.....		24,052				24,052	56,803
Other.....						-	9,559
TOTAL REVENUES.....	5,516	30,174	(27,985)	(163,541)	(4,399)	(160,235)	6,700,307
EXPENDITURES:							
Current:							
General government.....						-	951,475
Public safety.....						-	181,338
Public works.....						-	206,246
Culture and recreation.....		11,938	1,456	60,534		73,928	872,843
Health and welfare.....						-	148,476
Education.....						-	4,312,695
Capital outlay.....						-	595,142
TOTAL EXPENDITURES.....	-	11,938	1,456	60,534	-	73,928	7,268,215
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	5,516	18,236	(29,441)	(224,075)	(4,399)	(234,163)	(567,908)
OTHER FINANCING SOURCES (USES):							
Issuance of debt.....						-	1,485,000
Transfers in.....						-	697,460
NET OTHER FINANCING SOURCES (USES).....	-	-	-	-	-	-	2,182,460
NET CHANGE IN FUND BALANCES.....	5,516	18,236	(29,441)	(224,075)	(4,399)	(234,163)	1,614,552
FUND BALANCES, JULY 1, 2008.....	408,398	280,170	134,498	1,226,266	14,164	2,063,496	1,444,413
FUND BALANCES, JUNE 30, 2009.....	\$ 413,914	\$ 298,406	\$ 105,057	\$ 1,002,191	\$ 9,765	\$ 1,829,333	\$ 3,058,965

(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.

Self-Insurance Reserve

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

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.

TOWN OF EAST HAVEN, CONNECTICUT

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF NET ASSETS
 JUNE 30, 2009

	SELF- INSURANCE RESERVE	WORKERS' COMPENSATION	MEDICAL INSURANCE	TOTAL
<u>ASSETS</u>				
Cash.....	\$	\$	\$ 40,894	\$ 40,894
Investments.....	1,061,277		1,224,193	2,285,470
Accounts receivable.....			88,128	88,128
Due from other funds.....			541,985	541,985
TOTAL ASSETS.....	1,061,277	-	1,895,200	2,956,477
<u>LIABILITIES</u>				
Current liabilities:				
Cash overdraft.....		4,700		4,700
Claims and judgments payable.....	596,379	3,217,822	921,226	4,735,427
Due to other funds.....	134,751	88,363		223,114
Total current liabilities.....	731,130	3,310,885	921,226	4,963,241
Noncurrent liability:				
Claims and judgments payable.....		6,845,260		6,845,260
TOTAL LIABILITIES.....	731,130	10,156,145	921,226	11,808,501
<u>NET ASSETS</u>				
Unrestricted.....	\$ 330,147	\$ (10,156,145)	\$ 973,974	\$ (8,852,024)

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, 2009

	SELF- INSURANCE RESERVE	WORKERS' COMPENSATION	MEDICAL INSURANCE	TOTAL
OPERATING REVENUES:				
Charges for services.....	\$ 274,765	\$ 1,446,379	\$ 9,373,086	\$ 11,094,230
OPERATING EXPENSES:				
Claims.....	537,739	4,457,798	9,925,015	14,920,552
Administration.....		12,760	1,287,858	1,300,618
TOTAL OPERATING EXPENSES.....	537,739	4,470,558	11,212,873	16,221,170
OPERATING INCOME (LOSS).....	(262,974)	(3,024,179)	(1,839,787)	(5,126,940)
NONOPERATING REVENUES:				
Investment income (loss).....		(150,781)	(163,852)	(314,633)
CHANGES IN NET ASSETS.....	(262,974)	(3,174,960)	(2,003,639)	(5,441,573)
NET ASSETS - JUNE 30, 2008 (AS RESTATED).	593,121	(6,981,185)	2,977,613	(3,410,451)
NET ASSETS - JUNE 30, 2009.....	\$ 330,147	\$ (10,156,145)	\$ 973,974	\$ (8,852,024)

TOWN OF EAST HAVEN, CONNECTICUTINTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	SELF- INSURANCE RESERVE	WORKERS' COMPENSATION	MEDICAL INSURANCE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
Premiums received.....	\$ 365,550	\$ 84,743	\$ 9,239,225	\$ 9,689,518
Payments to vendors.....		(12,760)	(1,287,858)	(1,300,618)
Payments for claims.....	(531,660)	(2,119,406)	(9,794,632)	(12,445,698)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	(166,110)	(2,047,423)	(1,843,265)	(4,056,798)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Income from investments.....		(150,781)	(163,852)	(314,633)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(166,110)	(2,198,204)	(2,007,117)	(4,371,431)
CASH AND CASH EQUIVALENTS - JULY 1, 2008.....	1,227,387	2,193,504	3,272,204	6,693,095
CASH AND CASH EQUIVALENTS (OVERDRAFT) - JUNE 30, 2009.....	\$ 1,061,277	\$ (4,700)	\$ 1,265,087	\$ 2,321,664
RECONCILIATION TO BALANCE SHEET CASH:				
Cash and cash equivalents per above.....	\$ 1,061,277	\$ (4,700)	\$ 1,265,087	\$ 2,321,664
Cash and cash equivalents reported as investments.....	(1,061,277)		(1,224,193)	(2,285,470)
BALANCE SHEET CASH (OVERDRAFT).....	\$ -	\$ (4,700)	\$ 40,894	\$ 36,194
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ (262,974)	\$ (3,024,179)	\$ (1,839,787)	\$ (5,126,940)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in:				
Accounts receivable.....			(35,764)	(35,764)
Due from other funds.....			(98,097)	(98,097)
Increase (decrease) in:				
Claims and judgments payable.....	6,079	2,338,392	130,383	2,474,854
Due to other funds.....	90,785	(1,361,636)		(1,270,851)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ (166,110)	\$ (2,047,423)	\$ (1,843,265)	\$ (4,056,798)

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.

TOWN OF EAST HAVEN, CONNECTICUT

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	BALANCE JULY 1, 2008	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2009
<u>ASSETS</u>				
CASH:				
East Haven High School Activity Fund.....	\$ 83,346	\$ 337,725	\$ 301,635	\$ 119,436
Joseph Melillo Middle School Activity Fund....	25,607	36,935	42,462	20,080
EH School Fund.....	1,771	7		1,778
EH Highland School.....	8,944	34		8,978
BOE Medicare Account.....	1,166	160,086	130,516	30,736
Momauguin School Media.....	668	3,426	3,473	621
DC Moore School Library.....	636	4,406	3,434	1,608
Adult Education.....	6,609	16,014	21,942	681
Flex Spending.....	7,958	65,811	58,361	15,408
Performance bonds.....	11,456.00	11		11,467
TOTAL CASH.....	148,161	624,455	561,823	210,793
INVESTMENTS:				
East Haven High School Activity Fund.....	43,539	375		43,914
TOTAL ASSETS.....	\$ 191,700	\$ 624,830	\$ 561,823	\$ 254,707
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
East Haven High School Activity Fund.....	\$ 126,885	\$ 338,100	\$ 301,635	\$ 163,350
Joseph Melillo Middle School Activity Fund....	25,607	36,935	42,462	20,080
EH School Fund.....	1,771	7		1,778
EH Highland School.....	8,944	34		8,978
BOE Medicare Account.....	1,166	160,086	130,516	30,736
Momauguin School Media.....	668	3,426	3,473	621
DC Moore School Library.....	636	4,406	3,434	1,608
Adult Education.....	6,609	16,014	21,942	681
Flex Spending.....	7,958	65,811	58,361	15,408
Performance bonds.....	11,456	11		11,467
TOTAL LIABILITIES.....	\$ 191,700	\$ 624,830	\$ 561,823	\$ 254,707

Trend Information

TOWN OF EAST HAVEN, CONNECTICUT

NET ASSETS BY COMPONENT
LAST FOUR YEARS
(UNAUDITED)

	FISCAL YEAR			
	2009	2008	2007	2006
GOVERNMENTAL ACTIVITIES:				
Invested in capital assets, net of related debt.....	\$ 36,790,597	\$ 37,516,717	\$ 32,585,690	\$ 10,602,768
Restricted for:				
Endowments:				
Nonexpendable.....	100,000	100,000	100,000	100,000
Expendable.....	1,729,333	1,963,496	2,193,639	1,667,578
Unrestricted.....	(176,290)	15,914,574	26,928,603	5,239,393
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS.....	<u>\$ 38,443,640</u>	<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 FOUR YEARS
(UNAUDITED)

	FISCAL YEAR			
	2009	2008	2007	2006
EXPENSES:				
Governmental activities:				
General government.....	\$ 7,585,922	\$ 5,517,911	\$ 5,501,604	\$ 8,106,306
Public safety.....	13,860,530	14,949,291	12,710,019	12,618,534
Public works.....	9,799,512	8,709,675	8,281,435	7,535,709
Culture and recreation.....	2,969,521	2,506,521	2,389,974	2,316,075
Health and welfare.....	2,510,330	1,487,119	1,553,644	1,462,279
Education.....	57,168,425	59,780,686	48,310,573	48,719,633
Interest expense.....	2,163,201	2,451,064	2,459,162	2,560,775
Total Governmental activities expenses.....	96,057,441	95,402,267	81,206,411	83,319,311
Business-type activities:				
WPCA.....				948,162
TOTAL EXPENSES.....	96,057,441	95,402,267	81,206,411	84,267,473
PROGRAM REVENUES:				
Governmental activities:				
Charges for services:				
General government.....	1,005,818	1,145,877	1,800,808	1,154,455
Public safety.....	717,495	784,725	762,533	876,316
Public works.....	177,137	266,067	339,911	41,885
Culture and recreation.....	554,137	500,184	527,920	403,708
Health and welfare.....	239,590	214,861	217,931	171,728
Education.....	709,799	848,760	858,575	687,627
Operating grants and contributions.....	27,325,227	33,285,847	23,416,379	27,894,969
Capital grants and contributions.....	508,202	462,595	560,949	1,795,969
Total Governmental activities program revenues.....	31,237,405	37,508,916	28,485,006	33,026,657
Business-type activities:				
WPCA.....				506,057
TOTAL PROGRAM REVENUES.....	31,237,405	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 FOUR YEARS
(UNAUDITED)

	FISCAL YEAR			
	2009	2008	2007	2006
NET REVENUE (EXPENSES):				
Governmental activities.....	\$ (64,820,036)	\$ (57,893,351)	\$ (52,721,405)	\$ (50,292,654)
Business-type activities.....				(442,105)
TOTAL NET EXPENSES.....	(64,820,036)	(57,893,351)	(52,721,405)	(50,734,759)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:				
Governmental activities:				
Property taxes.....	50,750,056	49,901,476	47,962,038	47,714,546
Grants and contributions not restricted to specific programs.....	1,671,362	1,203,035	1,442,446	2,540,442
Investment income.....	(316,533)	407,672	1,217,950	799,589
Miscellaneous.....	1,022,800	68,023	48,256	
Gain on sale of assets.....				6,403
Transfers.....				1,851,825
Total Governmental activities revenues.....	53,127,685	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.....	53,127,685	51,580,206	50,670,690	58,393,029
CHANGE IN NET ASSETS:				
Governmental activities.....	(11,692,351)	(6,313,145)	(2,050,715)	2,620,151
Business-type activities.....				5,038,119
TOTAL CHANGE IN NET ASSETS.....	\$ (11,692,351)	\$ (6,313,145)	\$ (2,050,715)	\$ 7,658,270

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUT

**SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2009**

Total tax collections (including interest and lien fees) for current year.....	\$ 50,025,192
Reimbursement for revenue loss on:	
Tax relief for elderly freeze.....	<u>23,166</u>
BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$ 50,048,358</u>

	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
DEBT LIMITATION:					
2 1/4 times base.....	\$ 112,608,806	\$	\$	\$	\$
4 1/2 times base.....		225,217,611			
3 3/4 times base.....			187,681,343		
3 1/4 times base.....				162,657,164	
3 times base.....					150,145,074
TOTAL DEBT LIMITATION.....	<u>112,608,806</u>	<u>225,217,611</u>	<u>187,681,343</u>	<u>162,657,164</u>	<u>150,145,074</u>
INDEBTEDNESS:					
Bonds payable.....	17,734,920	26,075,080	2,520,000		
Bonds anticipation notes payable.....	7,015,000	485,000			
Less: School building grants.....		(13,181,264)			
NET INDEBTEDNESS (1).....	<u>24,749,920</u>	<u>13,378,816</u>	<u>2,520,000</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....	<u>\$ 87,858,886</u>	<u>\$ 211,838,795</u>	<u>\$ 185,161,343</u>	<u>\$ 162,657,164</u>	<u>\$ 150,145,074</u>

(1) The total of the above net indebtedness amounts to: \$ 40,648,736

In no event shall total indebtedness exceed seven times the base for debt limitation computation. \$ 350,338,506

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