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**ANNUAL FINANCIAL REPORT**

**OF THE**

**TOWN OF EAST HAVEN, CONNECTICUT**

*FOR THE YEAR ENDED*  
*JUNE 30, 2011*

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**TOWN OF EAST HAVEN, CONNECTICUT**

**ANNUAL FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

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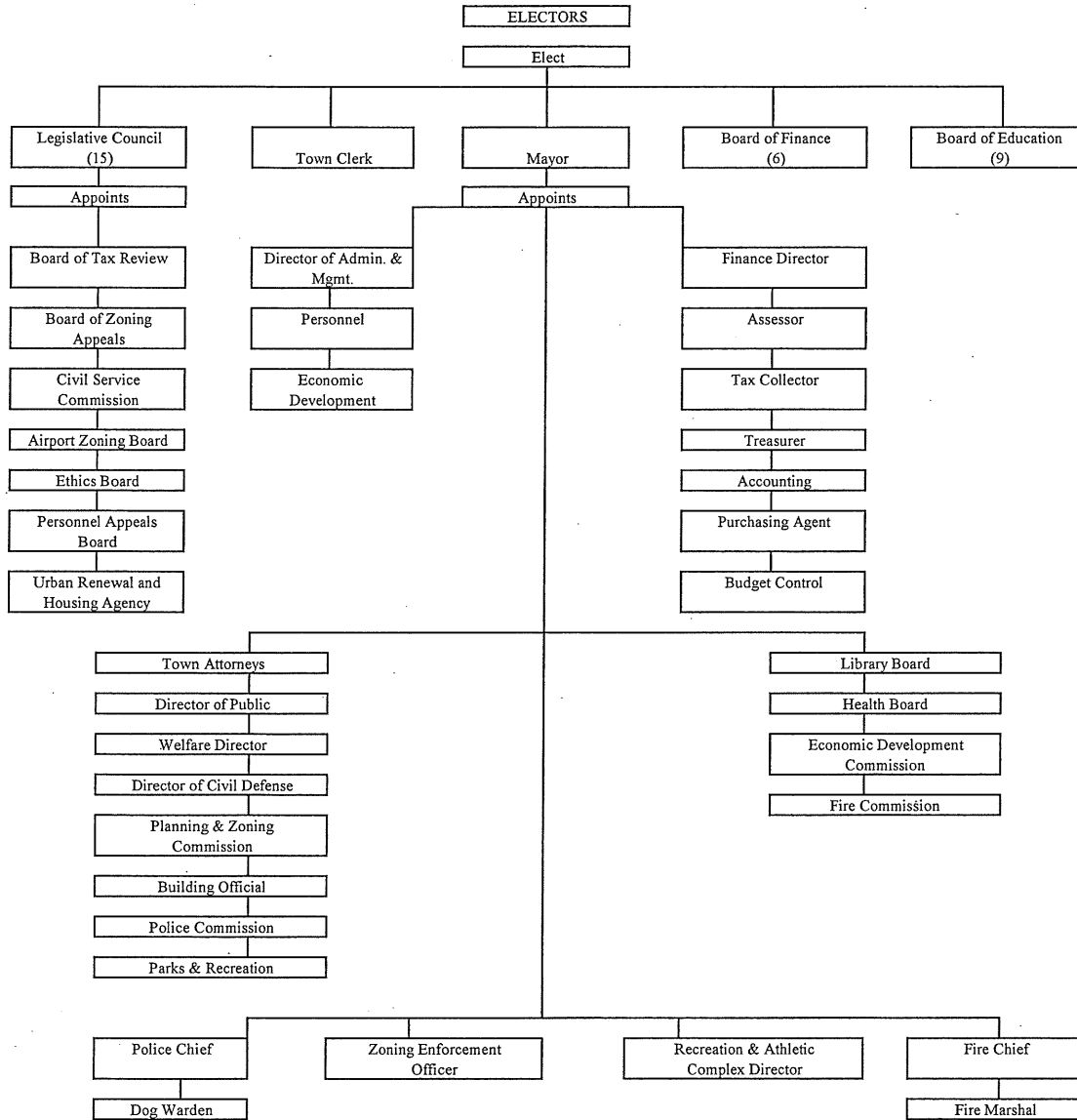
## **Introductory Section**

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TOWN OF EAST HAVEN, CONNECTICUT

# ORGANIZATIONAL CHART



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## Financial Section

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## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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, 2011, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of East Haven, Connecticut, as of June 30, 2011, and the respective changes in financial position, and where applicable, cash flows 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 3, 2012, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

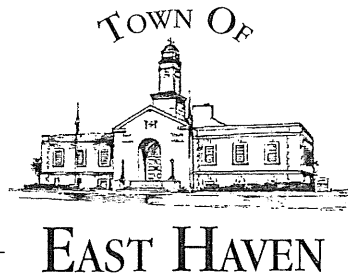
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of Funding Progress and Schedule of Employer Contributions - East Haven Other Post Employment Benefit Plan on pages 4 through 10 and pages 49 and 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Haven, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 trend information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in dark ink that reads "J H Cohn LLP". The signature is written in a cursive, flowing style.

Farmington, Connecticut  
January 3, 2012



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## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

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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, 2011.

### **Financial Highlights**

- On a government-wide basis, the Town's net assets increased by \$8,115,285 for the fiscal year. The most significant reasons for the increase were positive operations of the general fund of \$3,725,768, sale of land of 1,672,168 and capital outlays in excess of depreciation of \$4,108,559.
- The Town's net assets totaled \$38,562,097 at June 30, 2011. Of this amount, unrestricted net assets were a deficit balance of \$(8,086,441).
- At year end, the unassigned fund balance for the general fund was \$200,800. This eliminated the deficit fund balance that existed at June 30, 2010.
- The Town's total long-term debt decreased by \$4,205,000. This is mainly due to a net decrease in debt as a result of a current year refunding and retirements net with a new debt issuance.

### **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)

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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 36 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 33 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in Schedules 4 and 5 of this report.

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

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

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

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

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$38,562,097 at the close of the fiscal year.

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

	2011	2010
Current and other assets.....	\$ 30,715,971	\$ 29,445,882
Capital assets (net).....	96,443,767	92,350,208
Total assets.....	127,159,738	121,796,090
Current liabilities.....	22,812,130	25,231,600
Long-term liabilities.....	65,785,511	66,117,678
Total liabilities.....	88,597,641	91,349,278
Net assets:		
Invested in capital assets, net of related debt....	44,377,039	35,996,442
Restricted for:		
Endowments:		
Nonexpendable.....	100,000	100,000
Expendable.....	1,877,310	1,701,821
General government.....	22,348	51,918
Public safety.....	61,789	82,460
Public works.....	110,505	87,883
Education.....	99,547	59,809
Unrestricted.....	(8,086,441)	(7,633,521)
TOTAL NET ASSETS.....	\$ 38,562,097	\$ 30,446,812

The largest portion of the Town's net assets 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 are 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 \$(8,086,441).

**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. The most significant reasons for the increase were positive operations of the general fund of \$3,725,768, sale of land of 1,672,168 and capital outlays in excess of depreciation of \$4,108,559.

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

	2011	2010
<b><u>REVENUES:</u></b>		
Program revenues:		
Charges for services.....	\$ 4,368,465	\$ 4,742,038
Operating grants and contributions.....	26,793,155	27,083,953
Capital grants and contributions.....	4,791,019	1,924,549
General revenues:		
Property taxes.....	61,534,772	51,739,961
Grants and contributions not restricted to specific programs.....	924,343	956,185
Investment income (loss).....	378,759	270,295
Gain on sale of asset.....	1,672,168	
Miscellaneous.....	293,075	595,559
<b>TOTAL REVENUES.....</b>	<b><u>100,755,756</u></b>	<b><u>87,312,540</u></b>
<b><u>EXPENSES:</u></b>		
General government.....	5,646,738	5,905,126
Public safety.....	14,694,490	13,668,386
Public works.....	9,312,188	10,402,985
Culture and recreation.....	2,707,752	2,670,130
Health and welfare.....	2,736,590	2,433,413
Education.....	55,340,891	57,924,242
Interest expense.....	2,201,822	2,450,938
<b>TOTAL EXPENSES.....</b>	<b><u>92,640,471</u></b>	<b><u>95,455,220</u></b>
<b>INCREASE (DECREASE) IN NET ASSETS...</b>	<b>8,115,285</b>	<b>(8,142,680)</b>
<b>NET ASSETS - JULY 1.....</b>	<b><u>30,446,812</u></b>	<b><u>38,589,492</u></b>
<b>NET ASSETS - JUNE 30.....</b>	<b><u>\$ 38,562,097</u></b>	<b><u>\$ 30,446,812</u></b>

**Governmental Activities - Revenues**

The significant changes in revenues for governmental activities for the fiscal year ended June 30, 2011, were as follows:

- Property taxes increased \$9,794,811. The increase was a result of the required funding of the prior year deficit fund balance of \$2,785,008, reduction in the collection rate used for budgeting property tax revenue, as well as funding for the additional spending increases necessary to balance the budget. Some of the increase was also attributable to less state funding related to the general fund budget which was offset by tax increases.
- Capital grants and contributions increased by \$2,866,470 due to in state grants for capital and public works programs and the school progress payments for the school roof project.
- Gain on sale of asset in the amount of \$1,672,168 represents the proceeds from the sale of the Tweed Airport property to the City of New Haven for \$1,500,000 and some other Town owned properties.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### **Governmental Activities - Expenses**

The significant changes in expenses for governmental activities for the fiscal year ended June 30, 2011, were as follows:

- Education decreased by \$2,583,351 due to the general fund budget being underspent by approximately \$657,000, decreased spending from education grants, high school rental and day care fund activity.
- Public works expense decreased \$1,090,797 substantially due to the reduction in the amount of noncapitalized capital outlay as compared to the previous year.
- Public safety expense increased by \$1,026,104 substantially due to an increase general fund spending of approximately \$600,000 and the related increase in 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, 2011, is \$3,207,847 including a nonspendable reserve for endowments in the amount of \$100,000. The unassigned portion consists of the general fund in the amount of \$200,800, the special revenue funds of (\$9,013), and the capital projects fund of \$(1,175,859). The debt service and other governmental funds have assigned fund balances of \$1,450,351, and \$218,936, respectively. The other governmental funds have restricted fund balance of \$2,171,499, and committed fund balance of \$251,133.

#### **General Fund**

The general fund is the operating fund of the Town. The fund balance of the general fund increased by \$5,397,936 for the fiscal year. Revenues increased by \$9,454,676, with tax revenues at \$61,263,927. Intergovernmental revenues decreased by \$397,412.

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

- Fund balance contribution had a positive variance of \$1,976,427. This line was the amount that was required to be budgeted to fund the prior year deficit general fund fund balance in accordance with state statutes. The original amount budgeted was \$2,785,008 which was reduced by transfers made during the year.
- Education had a positive variance of \$3,334,766 due to the Stabilization grants being recorded and expended in the Education Grant fund of \$2,676,984 and an under expenditure of the budget line by \$657,782. The same amount was the majority of the revenue decrease (\$2,676,984) noted above since this amount was budgeted as general fund revenue.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Debt Service Fund

The debt service fund's net change in fund balance was a decrease of \$364,617 for the fiscal year. This is a result of debt service costs of the sewer bonds greater than investment income earned by the fund. The fund balance in the fund is the result of the sale of the sewer operations and will be used to pay the remaining debt service on the bonds outstanding.

### Capital Projects Fund

This fund's net change in fund balance was a decrease of \$1,253,177 for the fiscal year, resulting in a deficit fund balance at the end of the year of (\$1,175,859). The decrease was a result of the spending of monies accumulated through debt issuance and general fund appropriations in the prior year as well as the \$4,000,000 in bond anticipation notes outstanding that will be permanently financed in the future.

### Capital Assets and Debt Administration

At June 30, 2011, the Town of East Haven's investment in capital assets for its governmental activities was \$96,443,767 (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 increase in the Town's investment in capital assets for the current fiscal year was \$4,093,559.

The only significant change was that construction in progress increased due the construction of the solar panels on the school roofs and some other smaller Town projects.

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

	2011	2010
Land.....	\$ 3,497,516	\$ 2,244,590
Construction in progress.....	9,254,678	4,590,154
Land improvements.....	3,174,837	3,355,983
Buildings.....	45,303,712	46,273,405
Building improvements.....	3,142,004	3,030,069
Machinery and equipment.....	2,044,994	2,355,016
Vehicles.....	2,026,052	2,023,659
Infrastructure.....	27,999,974	28,477,332
<b>TOTAL.....</b>	<b>\$ 96,443,767</b>	<b>\$ 92,350,208</b>

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

### Long-term Debt

For the year ended June 30, 2011, the Town's long-term debt decreased by \$4,205,000. The decrease is the net effect of the following items:

- the issuance of new debt of \$5,035,000, of which \$3,740,000 was to refund certain bond issues
- principal payments of \$5,500,000

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$48,100,000. Of this amount, \$9,659,896 will be funded from state grants, resulting in net outstanding debt in the amount of \$38,440,104, which is backed by the full faith and credit of the Town of East Haven.

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

	2011	2010
General purpose bonds	\$ 24,731,450	\$ 25,294,000
School bonds	21,568,550	24,851,000
Sewer	1,800,000	2,160,000
Total	\$ 48,100,000	\$ 52,305,000

The Town maintains an "A3" rating from Moody's and a "BBB+/Positive Outlook" 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 \$423,993,423, 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 2012 budget. The Town decided that it was important to adopt a budget designed to promote long-term fiscal stability. This included an appropriation of \$1,162,128 to fund the prior year deficit fund balance as required by State Statutes. 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 2012 general fund budget was \$85,275,670, a decrease of 0.05% 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 Director of Finance, Town of East Haven, 250 Main Street, East Haven, Connecticut 06512.

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## **Basic Financial Statements**

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**TOWN OF EAST HAVEN, CONNECTICUT**

STATEMENT OF NET ASSETS  
JUNE 30, 2011

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 3,961,194
Investments.....	7,369,079
Receivables:	
Property taxes.....	1,234,798
Intergovernmental.....	2,780,641
Other.....	2,450,153
Other.....	29,093
Total current assets.....	17,824,958
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash.....	14,239
Investments.....	1,863,071
Permanently restricted:	
Investments.....	100,000
Total restricted assets.....	1,977,310
Receivables (net):	
Property taxes.....	1,618,709
Intergovernmental.....	8,986,141
Total receivables (net).....	10,604,850
Other noncurrent assets.....	308,853
Capital assets (net of accumulated depreciation):	
Land.....	3,497,516
Construction in progress.....	9,254,678
Land improvements.....	3,174,837
Buildings.....	45,303,712
Building improvements.....	3,142,004
Machinery and equipment.....	2,044,994
Vehicles.....	2,026,052
Infrastructure.....	27,999,974
Total capital assets (net of accumulated depreciation)....	96,443,767
Total noncurrent assets.....	109,334,780
TOTAL ASSETS.....	127,159,738

(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, 2011

	GOVERNMENTAL ACTIVITIES
<u>LIABILITIES</u>	
LIABILITIES:	
Current liabilities:	
Accounts payable.....	\$ 1,874,178
Accrued payroll.....	4,283,278
Accrued interest payable.....	977,063
Unearned revenue.....	891,579
Bond anticipation notes.....	4,000,000
Bonds and notes payable.....	5,140,000
Capital lease payable.....	248,062
Compensated absences.....	1,599,369
Early retirement incentive.....	390,476
Claims and judgments.....	3,408,125
Total current liabilities.....	<u>22,812,130</u>
Noncurrent liabilities:	
Bonds, notes and related liabilities.....	42,678,666
Compensated absences.....	6,397,476
Claims and judgments.....	10,593,532
Early retirement incentive.....	390,475
Net OPEB obligations.....	5,725,362
Total noncurrent liabilities.....	<u>65,785,511</u>
TOTAL LIABILITIES.....	<u>88,597,641</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt.....	44,377,039
Restricted for:	
Endowments:	
Nonexpendable.....	100,000
Expendable.....	1,877,310
General government.....	22,348
Public safety.....	61,789
Public works.....	110,505
Education.....	99,547
Unrestricted.....	(8,086,441)
TOTAL NET ASSETS.....	<u>\$ 38,562,097</u>
	(Concluded)

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

**EXHIBIT B****TOWN OF EAST HAVEN, CONNECTICUT**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

PROGRAM REVENUES					NET REVENUE (EXPENSES) AND CHANGES IN NET ASSETS
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:					
General government.....	\$ 5,646,738	\$ 981,806	\$ 6,000	\$ 1,243,131	\$ (3,415,801)
Public safety.....	14,694,490	651,684	54,650		(13,988,156)
Public works.....	9,312,188	164,944		677,968	(8,469,276)
Culture and recreation.....	2,707,752	599,630	20,156		(2,087,966)
Health and welfare.....	2,736,590	292,526	38,423		(2,405,641)
Education.....	55,340,891	1,677,875	26,673,926	2,869,920	(24,119,170)
Interest expense.....	2,201,822				(2,201,822)
TOTAL.....	\$ 92,640,471	\$ 4,368,465	\$ 26,793,155	\$ 4,791,019	\$ (56,687,832)
GENERAL REVENUES:					
Property taxes.....					\$ 61,534,772
Grants and contributions not restricted to specific programs.....					924,343
Investment income.....					378,759
Gain on sale of assets.....					1,672,168
Miscellaneous.....					293,075
TOTAL GENERAL REVENUES .....					64,803,117
CHANGE IN NET ASSETS.....					8,115,285
NET ASSETS - JULY 1, 2010.....					30,446,812
NET ASSETS - JUNE 30, 2011.....					\$ 38,562,097

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

TOWN OF EAST HAVEN, CONNECTICUT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash.....	\$ 2,136,140	\$ 26,128	\$	\$ 981,578	\$ 3,143,846
Investments.....	4,774,224	1,444,263		1,963,071	8,181,558
Receivables:					
Property taxes.....	2,660,349				2,660,349
Intergovernmental .....	122,744			659,938	782,682
Other.....	2,319,905		7,499	20,215	2,347,619
Due from other funds.....	2,118,448		4,326,402	352,915	6,797,765
Other.....				29,093	29,093
TOTAL ASSETS.....	\$ 14,131,810	\$ 1,470,391	\$ 4,333,901	\$ 4,006,810	\$ 23,942,912
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable.....	\$ 1,173,320	\$	\$ 503,500	\$ 197,358	\$ 1,874,178
Accrued payroll.....	3,886,110			397,168	4,283,278
Due to other funds.....	6,027,853	20,040	1,006,260	325,861	7,380,014
Deferred revenue.....	2,306,016				2,306,016
Unearned revenue.....	537,711			353,868	891,579
Bond anticipation notes.....			4,000,000		4,000,000
TOTAL LIABILITIES.....	13,931,010	20,040	5,509,760	1,274,255	20,735,065
FUND BALANCES:					
Nonspendable.....				100,000	100,000
Restricted.....				2,171,499	2,171,499
Committed.....				251,133	251,133
Assigned.....		1,450,351		218,936	1,669,287
Unassigned.....	200,800		(1,175,859)	(9,013)	(984,072)
TOTAL FUND BALANCES.....	200,800	1,450,351	(1,175,859)	2,732,555	3,207,847
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 14,131,810	\$ 1,470,391	\$ 4,333,901	\$ 4,006,810	\$ 23,942,912

(Continued)

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



**TOWN OF EAST HAVEN, CONNECTICUT**

RECONCILIATION OF FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2011

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).....	\$ 3,207,847
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES  
AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning net capital assets.....	92,350,208
Capital asset additions.....	6,797,357
Depreciation expense.....	(2,688,798)
Disposal of capital assets.....	(15,000)

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

School building grant receivable.....	10,984,100
Property tax interest and lien accrual.....	1,648,158
Property tax receivable - accrual basis change.....	2,306,016
Allowance for doubtful accounts.....	(1,455,000)
Other assets.....	308,853

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.....	(11,334,695)
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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.....	(48,100,000)
Bond premiums.....	(211,559)
Deferred charge on refunding.....	492,893
Capital leases.....	(248,062)
Compensated absences.....	(7,996,845)
Early retirement.....	(780,951)
Net OPEB obligation.....	(5,725,362)
Accrued interest payable.....	(977,063)

NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 38,562,097</u>
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(Concluded)

## TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property taxes.....	\$ 61,263,927	\$	\$	\$	\$ 61,263,927
Charges for services.....	1,628,024		19,070	2,721,371	4,368,465
Intergovernmental.....	22,486,788		2,215,458	9,263,692	33,965,938
Investment income.....	30,947	80,589		44,555	156,091
Change in fair value of investments.....		1,554		219,827	221,381
Contributions.....			654,462	20,614	675,076
Other.....	985,929			31,937	1,017,866
TOTAL REVENUES.....	86,395,615	82,143	2,888,990	12,301,996	101,668,744
EXPENDITURES:					
Current:					
General government.....	2,088,152			351,705	2,439,857
Public safety.....	10,521,624			112,822	10,634,446
Public works.....	5,011,102			263,911	5,275,013
Culture and recreation.....	1,739,039			353,285	2,092,324
Health and welfare.....	958,147			126,406	1,084,553
Employee benefits and insurance.....	9,766,598				9,766,598
Education.....	43,749,500			9,349,899	53,099,399
General services.....	1,598,974				1,598,974
Debt service:					
Principal.....	5,140,000	360,000			5,500,000
Interest.....	2,096,711	86,760	282,190		2,465,661
Capital outlay.....			5,244,341	1,507,071	6,751,412
TOTAL EXPENDITURES.....	82,669,847	446,760	5,526,531	12,065,099	100,708,237
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	3,725,768	(364,617)	(2,637,541)	236,897	960,507
OTHER FINANCING SOURCES (USES):					
Issuance of debt.....			1,155,000		1,155,000
Proceeds of refunding bonds.....			3,880,000		3,880,000
Payment to refunded bonds escrow agent.....			(3,862,195)		(3,862,195)
Premium.....			211,559		211,559
Sale of assets.....	1,672,168				1,672,168
NET OTHER FINANCING SOURCES (USES).....	1,672,168	-	1,384,364	-	3,056,532
NET CHANGE IN FUND BALANCES.....	5,397,936	(364,617)	(1,253,177)	236,897	4,017,039
FUND BALANCES, JULY 1, 2010.....	(5,197,136)	1,814,968	77,318	2,495,658	(809,192)
FUND BALANCES, JUNE 30, 2011.....	\$ 200,800	\$ 1,450,351	\$ (1,175,859)	\$ 2,732,555	\$ 3,207,847

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, 2011

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).....	\$ 4,017,039
-------------------------------------------------------------------------	--------------

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.....	6,797,357
Depreciation expense.....	(2,688,798)

Total .....	4,108,559
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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* on 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.....

	(15,000)
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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.....	(2,132,497)
Change in property tax receivable - accrual basis change.....	274,855
Change in property tax interest and lien revenue.....	35,990
Increase in property tax allowance for doubtful accounts.....	(40,000)

Total .....	(1,861,652)
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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 debt.....	(1,155,000)
Issuance of refunding bonds.....	(3,880,000)
Bond premium.....	(211,559)
Deferred charges.....	57,612
Principal repayments:	
General obligation bonds.....	5,500,000
Capital lease.....	235,985
Payments for refunded bonds to escrow agent.....	3,740,000

Total .....	4,287,038
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(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, 2011

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.....	\$ (627,529)
Early retirement.....	183,776
Landfill closure.....	94,844
Net OPEB obligation.....	(1,517,239)
Accrued interest payable.....	47,898
Other.....	<u>280,524</u>
Total .....	<u>(1,537,726)</u>
Internal Service Funds are used by management to charge costs of medical insurance benefits to individual departments.....	<u>(884,260)</u>
The net revenue of the activities of the Internal Service Fund is reported with governmental activities.....	<u>1,287</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B) .....	<u><u>\$ 8,115,285</u></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, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 60,822,215	\$ 60,822,215	\$ 61,263,927	\$ 441,712
Intergovernmental.....	22,254,520	22,254,520	19,455,134	(2,799,386)
Investment income.....	85,000	85,000	30,947	(54,053)
Charges for services.....	1,759,000	1,759,000	1,628,024	(130,976)
Other.....	750,000	750,000	985,929	235,929
TOTAL REVENUES.....	85,670,735	85,670,735	83,363,961	(2,306,774)
EXPENDITURES:				
Current:				
General government.....	4,990,831	4,200,865	2,088,152	2,112,713
Public safety.....	9,948,915	10,620,942	10,521,624	99,318
Highways and engineering.....	2,168,386	2,217,026	2,209,697	7,329
Sanitation and maintenance.....	2,706,218	2,837,396	2,801,405	35,991
Health and welfare.....	975,568	972,198	958,147	14,051
Culture and recreation.....	1,788,971	1,794,246	1,739,039	55,207
Employee benefits and insurance.....	9,553,500	9,804,654	9,766,598	38,056
Education.....	44,052,612	44,052,612	40,717,846	3,334,766
General services.....	2,075,875	1,769,637	1,598,974	170,663
Debt service.....	7,409,859	7,401,159	7,236,711	164,448
TOTAL EXPENDITURES.....	85,670,735	85,670,735	79,638,193	6,032,542
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	-	-	3,725,768	3,725,768
OTHER FINANCING SOURCES (USES):				
Sale of Town property.....			1,672,168	1,672,168
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	5,397,936	\$ 5,397,936
FUND BALANCE - JULY 1, 2010.....			(5,197,136)	
FUND BALANCE - JUNE 30, 2011.....			\$ 200,800	

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

**EXHIBIT G**

**TOWN OF EAST HAVEN, CONNECTICUT**

STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2011

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<u>ASSETS</u>	
Cash.....	\$ 836,287
Investments.....	1,150,592
Accounts receivable.....	102,534
Due from other funds.....	<u>1,348,536</u>
TOTAL ASSETS.....	<u>3,437,949</u>
<u>LIABILITIES</u>	
Current liabilities:	
Cash overdraft.....	4,700
Claims and judgments payable.....	3,408,125
Due to other funds.....	<u>766,287</u>
Total current liabilities.....	4,179,112
Noncurrent liability:	
Claims and judgments payable.....	<u>10,593,532</u>
TOTAL LIABILITIES.....	<u>14,772,644</u>
<u>NET ASSETS</u>	
Unrestricted.....	<u>\$ (11,334,695)</u>

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

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

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OPERATING REVENUES:	
Charges for services.....	\$ 16,556,313
OPERATING EXPENSES:	
Claims.....	16,064,906
Administration.....	1,375,667
TOTAL OPERATING EXPENSES.....	17,440,573
OPERATING INCOME (LOSS).....	(884,260)
NONOPERATING REVENUES:	
Investment income (loss).....	1,287
CHANGES IN NET ASSETS.....	(882,973)
NET ASSETS - JULY 1, 2010.....	(10,451,722)
NET ASSETS - JUNE 30, 2011.....	\$ (11,334,695)

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

EXHIBIT ITOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Premiums received.....	\$ 15,466,045
Payments to vendors.....	(1,375,667)
Payments for claims.....	<u>(13,663,636)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	426,742
CASH FLOWS FROM INVESTING ACTIVITIES:	
Income (loss) on investments.....	<u>1,287</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	428,029
CASH AND CASH EQUIVALENTS - JULY 1, 2010.....	<u>1,554,150</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2011.....	<u>\$ 1,982,179</u>
RECONCILIATION TO BALANCE SHEET CASH:	
Cash and cash equivalents per above.....	\$ 1,982,179
Cash and cash equivalents reported as investments.....	<u>(1,150,592)</u>
BALANCE SHEET CASH (NET OF CASH OVERDRAFT).....	<u>\$ 831,587</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating income (loss).....	\$ (884,260)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Accounts receivable.....	12,629
Due from other funds.....	(1,176,819)
Increase (decrease) in:	
Claims and judgments payable.....	1,972,557
Due to other funds.....	<u>502,635</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	<u>\$ 426,742</u>

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



TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
Cash.....	\$ 34,766	\$ 247,644
Investments.....	45,624	44,073
TOTAL ASSETS.....	80,390	291,717
<u>LIABILITY</u>		
LIABILITY:		
Accounts payable.....		291,717
<u>NET ASSETS</u>		
Held in trust for:		
Individuals.....	80,390	
NET ASSETS HELD IN TRUST.....	\$ 80,390	\$ -

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

**EXHIBIT K**

**TOWN OF EAST HAVEN, CONNECTICUT**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS:	
Investment income (loss):	
Interest and dividends.....	\$ 663
DEDUCTIONS:	
Scholarships awarded.....	<u>2,000</u>
CHANGE IN NET ASSETS.....	(1,337)
NET ASSETS, JULY 1, 2010.....	<u>81,727</u>
NET ASSETS, JUNE 30, 2011.....	<u><u>\$ 80,390</u></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, 2011HISTORY 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)

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**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 sewer related 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 Shinder and Patsy Dilungo Scholarship Funds are *Private-Purpose Trust Funds* and are used to account for resources legally held in trust for various scholarships. All resources of the fund, including any earnings on invested resources, may not be used to support the Town's activities. There is no requirement that any portion of these resources be preserved as capital.

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 funds are charges to customers for medical insurance benefits, workers' compensation claims and property insurance deductibles. Operating expenses for the internal service funds include the cost of claims and administrative expenses. 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 and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 17 to 61% 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 deferred 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 **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 purposes, and unspent bond proceeds, are 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)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**7. Fund Equity and Net Assets (Continued)**

In the **fund financial statements**, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by Town Council.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the governing body (Board of Finance) or by an official (Finance Director).

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council has provided otherwise in its commitment or assignment actions.



**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, 2011 .....	\$ 83,363,961	\$ 79,638,193
State Teachers' Retirement on-behalf payment .....	<u>3,031,654</u>	<u>3,031,654</u>
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2011 .....	<u>\$ 86,395,615</u>	<u>\$ 82,669,847</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, 2011, the amount of appreciation (depreciation) included in restricted fund balance for the Hagan Memorial Library was \$134,417.

**D. Deficit Fund Balances/Net Assets**

The following funds had a deficit fund balances/net assets at June 30, 2011:

Public works state aid.....	\$ 3,678
Land acquisition .....	5,335
Self-insurance reserve .....	2,232,663
Workers' compensation.....	10,910,618

The deficits will be eliminated by future grants, charges for services, premium charges to other funds and transfers from the general fund.

In accordance with state statutes, the Town has budgeted the prior year general fund deficit of \$2,785,008 in their 2011 budget.

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, 2011, \$2,972,506 of the Town's bank balance of \$9,772,594, including certificates of deposits and money market accounts, was exposed to custodial credit risk as follows:

Uninsured and uncollateralized .....	\$ 2,625,255
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name .....	<u>347,251</u>
Total amount subject to custodial credit risk	<u>\$ 2,972,506</u>

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act permanently increased the insurance coverage offered by the Federal Deposit Insurance Corporation (FDIC) to \$250,000 per depositor. Additionally, amounts held in non-interest bearing transaction accounts are fully guaranteed by the FDIC from December 31, 2010 through December 31, 2012. The Town had amounts in excess of \$250,000 in a single bank during the year. Amounts over \$250,000 are not insured by the FDIC. These balances fluctuate during the year and can exceed this \$250,000 limit. Management regularly monitors the financial institution, together with its cash balances, and tries to keep this potential risk to a minimum.

At June 30, 2011, 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 .....	\$ 107,221	\$	\$ 107,221	\$	\$
Equity mutual funds .....	137,301	137,301			
Bond funds .....	411,626			405,531	6,095
Certificates of deposit .....	1,535,564		479,935	1,055,629	
Bank money market funds .....	2,038,163		2,038,163		
U.S. Treasury notes .....	113,474		31,948	81,526	
Pooled fixed income .....	4,303,167		4,303,167		
Equities .....	<u>775,331</u>	<u>775,331</u>			
TOTAL .....	<u>\$ 9,421,847</u>	<u>\$ 912,632</u>	<u>\$ 6,960,434</u>	<u>\$ 1,542,686</u>	<u>\$ 6,095</u>

Subsequent to year end, the financial markets have experienced significant levels of volatility that cause a decline in the value of the investment held at year end. While such declines may be temporary, investment values are subject to market fluctuations, and the timing of any such recovery is unknown at the present time.

Of the \$4,303,167 of pooled fixed income, \$3,826,200 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.

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

**III. DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

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.

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

AVERAGE RATING	MONEY MARKET MUTUAL FUNDS	BOND MUTUAL FUNDS	POOLED FIXED INCOME
AAA .....	\$ 29,110	\$ 209,547	\$ 4,303,167
B .....		45,330	
Unrated.....	78,111	156,749	
TOTAL .....	<u>\$ 107,221</u>	<u>\$ 411,626</u>	<u>\$ 4,303,167</u>

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

	TOTAL	LESS INSURED AMOUNTS	AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK
US Treasury notes.....	\$ 113,474	\$ 113,474	\$
Equities.....	775,331	500,000	275,331
TOTAL .....	<u>\$ 888,805</u>	<u>\$ 613,474</u>	<u>\$ 275,331</u>

**B. Receivables**

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government wide financial statements with allowances for uncollectible accounts as of June 30, 2011, including the applicable allowances for uncollectible accounts, are presented below.

	PROPERTY TAXES		
	TAXES	INTEREST & LIEN FEES	TOTAL
Current Portion.....	<u>\$ 1,085,422</u>	<u>\$ 149,376</u>	<u>\$ 1,234,798</u>
Long-term Portion.....	<u>\$ 1,574,927</u>	<u>\$ 1,498,782</u>	<u>\$ 3,073,709</u>
Less Allowance for Uncollectibles .....	<u>( 455,000)</u>	<u>( 1,000,000)</u>	<u>( 1,455,000)</u>
Net Long-term Portion.....	<u>\$ 1,119,927</u>	<u>\$ 498,782</u>	<u>\$ 1,618,709</u>

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

III. DETAILED NOTES (CONTINUED)

B. Receivables (Continued)

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:

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Delinquent property taxes receivable .....	\$ 2,306,016	\$
Advance taxes collections .....		268,704
Tax overpayments .....		269,007
Grand draw downs prior to meeting all eligibility requirements .....		<u>353,868</u>
Totals .....	<u>\$ 2,306,016</u>	<u>\$ 891,579</u>

C. Capital Assets

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

	BALANCE JULY 1, 2010	INCREASES	DECREASES	BALANCE JUNE 30, 2011
<u>Capital Assets, not Being Depreciated:</u>				
Land .....	\$ 2,244,590	\$ 1,267,926	\$ 15,000	\$ 3,497,516
Construction in progress .....	4,590,154	5,415,686	751,162	9,254,678
Total Capital Assets, not Being Depreciated .....	<u>6,834,744</u>	<u>6,683,612</u>	<u>766,162</u>	<u>12,752,194</u>
<u>Capital Assets, Being Depreciated:</u>				
Land improvements .....	4,531,824			4,531,824
Buildings .....	62,696,818	16,000		62,712,818
Building improvements .....	4,468,471	245,162		4,713,633
Machinery and equipment .....	4,944,116			4,944,116
Vehicles .....	3,107,487	263,745		3,371,232
Infrastructure .....	36,499,321	340,000		36,839,321
Total Capital Assets, Being Depreciated .....	<u>116,248,037</u>	<u>864,907</u>	<u>-</u>	<u>117,112,944</u>
Total Capital Assets .....	<u>123,082,781</u>	<u>7,548,519</u>	<u>766,162</u>	<u>129,865,138</u>
<u>Less Accumulated Depreciation for:</u>				
Land improvements .....	1,175,841	181,146		1,356,987
Buildings .....	16,423,413	985,693		17,409,106
Building improvements .....	1,438,402	133,227		1,571,629
Machinery and equipment .....	2,589,100	310,022		2,899,122
Vehicles .....	1,083,828	261,352		1,345,180
Infrastructure .....	8,021,989	817,358		8,839,347
Total Accumulated Depreciation .....	<u>30,732,573</u>	<u>2,688,798</u>	<u>-</u>	<u>33,421,371</u>
Total Capital Assets, Being Depreciated, net .....	<u>85,515,464</u>	<u>( 1,823,891)</u>	<u>-</u>	<u>83,691,573</u>
Governmental Activities Capital Assets, net .....	<u>\$ 92,350,208</u>	<u>\$ 4,859,721</u>	<u>\$ 766,162</u>	<u>\$ 96,443,767</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 .....	\$ 42,431
Public safety .....	259,976
Public works .....	1,048,343
Culture and recreation .....	88,929
Health and welfare .....	2,829
Education .....	<u>1,246,290</u>
Total Depreciation Expense - Governmental Activities .....	<u>\$2,688,798</u>

**Construction Commitments**

At June 30, 2011, the Town had no construction commitments.

**D. Interfund Accounts**

**1. Interfund Payables and Receivables**

A summary of interfund balances as of June 30, 2011 is as follows:

	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<u>MAJOR FUNDS:</u>			
<u>GENERAL FUND:</u>			
Debt service .....	N/A	\$ 20,040	\$
Capital projects .....	N/A	1,006,260	4,326,402
Public safety .....	N/A	10,038	20,278
Historical documents preservation .....	N/A		24,338
Town pool repair .....	N/A		1,594
Open space .....	N/A		45,000
Marine enforcement grants .....	N/A		18,397
Public works state aid .....	N/A	1,523	
Permanent patch fund .....	N/A		500
East Haven kennel club .....	N/A		28,404
Dog licenses .....	N/A		9,081
Senior center special funding .....	N/A		12
Health and welfare .....	N/A	37	122,656
Teen center .....	N/A		12,085
Land acquisition .....	N/A	5,335	
Emergency management fund .....	N/A		32,209
High school rental .....	N/A	126,884	
Education grants .....	N/A	175,000	
Road Bonding 2008 .....	N/A		2,081
LOCIP .....	N/A	7,044	
LOCIP Town clerk fees .....	N/A		36,280
Self-insurance reserve .....	N/A	766,287	
Workers' compensation .....	N/A		257,876
Medical insurance .....	N/A		<u>1,090,660</u>
TOTAL GENERAL FUND .....		<u>2,118,448</u>	<u>6,027,853</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)**

MAJOR FUNDS: (Continued)	CORRESPONDING FUND	DUE FROM	DUE TO
DEBT SERVICE FUND:			
WPCA debt service fund.....	General Fund	\$	\$ 20,040
CAPITAL PROJECTS .....		4,326,402	1,006,260
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Public safety .....	General Fund	20,278	10,038
Historical documents preservation .....	General Fund	24,338	
Town pool repair .....	General Fund	1,594	
Open space.....	General Fund	45,000	
Marine enforcement grants.....	General Fund	18,397	
Public works state aid.....	General Fund		1,523
Permanent patch fund.....	General Fund	500	
East Haven kennel club .....	General Fund	28,404	
Dog licenses.....	General Fund	9,081	
Senior center special funding.....	General Fund	12	
Health and welfare.....	General Fund	122,656	37
Teen center .....	General Fund	12,085	
Emergency management fund.....	General Fund	32,209	
High school rental .....	General Fund		126,884
Education grants fund.....	General Fund		175,000
TOTAL SPECIAL REVENUE FUNDS .....		314,554	313,482
CAPITAL PROJECTS:			
Road Bonding 2008 .....	General Fund	2,081	
Land acquisition .....	General Fund		5,335
LOCIP.....	General Fund		7,044
LOCIP town clerk fees.....	General Fund	36,280	
TOTAL CAPITAL PROJECTS FUNDS .....		38,361	12,379
TOTAL NONMAJOR GOVERNMENTAL FUNDS .....		352,915	325,861

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

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts (Continued)**

**1. Interfund Payables and Receivables (Continued)**

	CORRESPONDING FUND	DUE FROM	DUE TO
INTERNAL SERVICE FUNDS:			
Self insurance reserve.....	General Fund	\$	\$ 766,287
Workers' compensation.....	General Fund	257,876	
Medical insurance .....	General Fund	1,090,660	
TOTAL INTERNAL SERVICE FUNDS.....		1,348,536	766,287
TOTAL .....		\$ 8,146,301	\$ 8,146,301

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

**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, 2011, was as follows:

	BALANCE JULY 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2011
BOND ANTICIPATION NOTES:				
School Improvements.....	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000

The bond anticipation notes mature August 2, 2011, and carry an interest rate of 3.00%. The notes were issued to provide interim funding for various school improvements.

In August 2011, the Town issued \$2,695,000 of bond anticipation notes with an interest rate of 2.00%, maturing in August 2012, to provide money for school projects and capital improvements.



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

**III. DETAILED NOTES (CONTINUED)**

**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, 2010	ADDITIONS	DE- DUCTIONS	RE- FUNDED	BALANCE JUNE 30, 2011	CURRENT PORTION
<b>BONDS/NOTES:</b>										
General Purpose:										
Refunding Bond.....	\$ 7,873,000	10/01/98	2011	4.25-4.80%	\$ 270,400	\$	\$ 270,400	\$	\$	\$
Improvement Bond	6,800,000	12/01/01	2022	4.39%	4,080,000		340,000	3,740,000		
Refunding Bond.....	4,505,600	02/15/03	2016	3.44%	1,826,600		412,150		1,414,450	408,550
Improvement Bond	6,031,000	08/15/05	2025	4.10%	5,036,000		285,000		4,751,000	310,000
Refunding Bond.....	3,609,000	08/15/05	2019	3.84%	1,940,000		400,000		1,540,000	395,000
Improvement Bond	3,000,000	08/24/07	2028	4.1-5.5%	2,700,000		150,000		2,550,000	150,000
Improvement Bond	6,941,000	07/22/09	2028	5.00-6.00%	6,941,000				6,941,000	
Refunding Bond.....	3,880,000	08/03/10	2030	3.00-4.0%		3,880,000			3,880,000	310,000
Improvement Bond	3,655,000	08/03/10	2021	3.00-5.0%	2,500,000	1,155,000			3,655,000	
Total General Purpose.....					25,294,000	5,035,000	1,857,550	3,740,000	24,731,450	1,573,550
Schools:										
Refunding .....	7,267,000	10/01/98	2011	4.25-4.80%	249,600		249,600			
Refunding .....	25,294,400	02/15/03	2017	3.4386%	12,568,400		2,057,850		10,510,550	2,046,450
School Bonds .....	149,000	08/15/05	2025	4.1005%	89,000		15,000		74,000	15,000
Refunding .....	13,991,000	08/15/05	2019	3.8399%	9,790,000		960,000		8,830,000	1,145,000
School Bonds .....	654,000	07/22/09	2028	5.00-6.00%	654,000				654,000	
School Bonds .....	1,500,000	08/03/10	2021	3.00-5.00%	1,500,000				1,500,000	
Total Schools .....					24,851,000	-	3,282,450	-	21,568,550	3,206,450
Sewer:										
Sewer Bond.....	5,000,000	12/01/01	2016	4.3899%	2,160,000		360,000		1,800,000	360,000
TOTAL BONDS/NOTES .....					52,305,000	5,035,000	5,500,000	3,740,000	48,100,000	5,140,000
PREMIUM.....						211,559			211,559	
DEFERRED CHARGES .....					( 435,281)	( 126,741)	( 69,129)		( 492,893)	
TOTAL BONDS/NOTES AND RELATED LIABILITIES.....					51,869,719	5,119,818	5,430,871	3,740,000	47,818,666	5,140,000
CAPITAL LEASE.....					484,047		235,985		248,062	248,062
COMPENSATED ABSENCES .....					7,369,316	2,194,120	1,566,591		7,996,845	1,599,369
EARLY RETIREMENT.....					964,727	206,700	390,476		780,951	390,476
NET OPEB OBLIGATIONS .....					4,208,123	5,097,330	3,580,091		5,725,362	
LANDFILL CLOSURE COSTS .....					94,844		94,844		-	
CLAIMS AND JUDGMENTS (Internal Service Funds) .....					12,029,100	15,636,193	13,663,636		14,001,657	3,408,125
TOTAL LONG-TERM OBLIGATIONS.....					\$ 77,019,876	\$28,254,161	\$24,962,494	\$3,740,000	\$76,571,543	\$10,786,032

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
2012	\$ 1,623,707	\$ 374,251	\$ 5,140,000	\$ 2,121,370
2013	1,625,313	307,591	5,640,000	1,728,766
2014	1,531,783	244,906	5,680,000	1,502,148
2015	1,429,567	181,563	5,435,000	1,266,969
2016	1,430,129	117,053	5,055,000	1,040,037
2017	1,050,385	63,363	3,800,000	855,470
2018	629,385	28,219	2,805,000	718,294
2019	339,627	7,258	2,245,000	610,119
2020			1,590,000	528,356
2021			1,585,000	458,807
2022			1,585,000	389,044
2023			1,240,000	327,419
2024			1,240,000	271,889
2025			1,240,000	215,601
2026			890,000	165,976
2027			855,000	123,676
2028			855,000	81,912
2029			705,000	43,069
2030			290,000	18,069
2031			225,000	5,515
TOTALS	\$ 9,659,896	\$ 1,324,204	\$48,100,000	\$12,472,444

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 .....	\$ 136,283,600	\$ 24,731,450	\$ 111,552,150
Schools .....	272,567,201	15,908,654	256,658,547
Sewers .....	227,139,334	1,800,000	225,339,334
Urban renewal .....	196,854,089		196,854,089
Pension deficit .....	181,711,467		181,711,467

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, \$423,993,423.

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 \$9,659,896 for bond principal is reflected as deductions in the computation of net indebtedness.

**2. Capital Lease**

The Town/Board of Education has entered into a lease agreement for the purchase of computers. The annual payments for the agreement are provided for by annual general fund appropriations.

The computers are below the capitalization threshold and therefore are not reported as capital assets

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease, and the present value of the future minimum lease payments at June 30, 2011.

YEAR ENDING JUNE 30,	
2012	\$ 262,000
Less: amount representing interest	( 13,938)
Present value of minimum lease payments	<u>\$ 248,062</u>

**3. Termination Benefits**

The Town provides early retirement incentive benefits to 8 former employees. Benefits are paid annually based on the retirement agreement for each employee from the Town budget. Benefits are payable annually through 2014.

The Board of Education provides early retirement incentive benefits to 35 former employees. Benefits are paid annually based on the retirement agreement for each employee from the Board of Education budget. Benefits are payable through 2013.

During the fiscal year ended June 30, 2011, \$390,476 was paid for these benefits.

**4. Authorized/Unissued Bonds**

At June 30, 2011, the Town had authorized and unissued bonds as follows:

	AUTHORIZED/ UNISSUED BONDS
General purpose.....	\$ 4,493,493
Schools .....	<u>4,634,000</u>
Total.....	<u>\$ 9,127,493</u>

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

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**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**5. Current Year Advance Refunding**

On August 3, 2010, the Town issued \$3,880,000 of general obligation refunding bonds with interest rates of 3% to 4%. These refunding bonds were issued to advance refund and defease bonds issued December 2001. The refunding resulted in an economic gain of \$94,295 with a total savings of \$136,891.

**6. 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, 2011, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$25,155,000.

**7. Subsequent Event**

In August 2011, the Town issued \$1,545,000 of general obligation bonds with interest rates of 3.00% to 5.00% maturing through 2026. The bonds were issued for capital improvements.

**G. Restricted Net Assets**

The amount of restricted net assets, which were restricted by enabling legislation, totaled \$60,680 at June 30, 2011.

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

**III. DETAILED NOTES (CONTINUED)**

**H. Fund Balance Classifications**

As of June 30, 2011, fund balances are composed of the following:

	GENERAL FUND	CAPITAL PROJECTS	DEBT SERVICE	NONMAJOR FUNDS	TOTAL
<b><u>NONSPENDABLE:</u></b>					
Permanent fund principal.....	\$	\$	\$	\$ 100,000	\$ 100,000
<b><u>RESTRICTED:</u></b>					
General government.....				1,501,541	1,501,541
Public safety.....				43,392	43,392
Public works.....				110,505	110,505
Education.....				516,061	516,061
TOTAL RESTRICTED	-	-	-	2,171,499	2,171,499
<b><u>COMMITTED:</u></b>					
Culture and recreation.....				4,039	4,039
Health and welfare.....				133,848	133,848
Approved CNR Projects.....				113,246	113,246
TOTAL COMMITTED	-	-	-	251,133	251,133
<b><u>ASSIGNED:</u></b>					
General government.....				45,000	45,000
Public safety.....				7,100	7,100
Public works.....				28,466	28,466
Culture and recreation.....				75,915	75,915
Education.....				62,455	62,455
Debt service.....			1,450,351		1,450,351
TOTAL ASSIGNED	-	-	1,450,351	218,936	1,669,287
<b><u>UNASSIGNED</u></b>	200,800	(1,175,859)		(9,013)	(984,072)
TOTAL	\$ 200,800	\$ (1,175,859)	\$ 1,450,351	\$ 2,732,555	\$ 3,207,847

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

**IV. OTHER INFORMATION**

**A. Risk Management**

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

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

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

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

The claims liability reported is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries.

The claim accrual does not include other allocated or unallocated claims adjustment expenses.

	CLAIMS PAYABLE JULY 1,	CURRENT YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIMS PAID	CLAIMS PAYABLE JUNE 30,
Self-Insurance Fund:				
2010	\$ 596,379	\$ 475,379	\$ 301,758	\$ 770,000
2011	770,000	2,655,247	1,285,247	2,140,000
Workers' Compensation Fund:				
2010	10,063,082	2,585,275	2,193,127	10,455,230
2011	10,455,230	3,285,466	2,576,902	11,163,794
Medical Insurance Fund:				
2010	921,226	9,419,667	9,537,023	803,870
2011	803,870	10,124,193	10,230,200	697,863

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

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**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 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. Employees not covered by Social Security are required to contribute 5% of all earnings.

The required and actual contributions for the years ended June 30, 2009, 2010 and 2011 were \$1,336,156, \$1,496,298, and \$2,194,623, 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 for 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 \$1,995,205 and \$1,584,886, respectively.

**c. Employee Contributions**

There are no employee contributions to the plan.

**3. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2011, the date of the last available actuarial valuation, 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, 2011	\$ -	\$59,580,092	\$(59,580,092)	0.0%	N/A	N/A
<u>BOARD OF EDUCATION</u>						
JUNE 30, 2011	\$ -	\$24,221,999 <sub>46</sub>	\$(24,221,999)	0.0%	N/A	N/A



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 (Continued)**

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 (RSI), immediately following the notes to the financial statements, 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:

VALUATION DATE	June 30, 2011
ACTUARIAL COST METHOD	Projected Unit Credit
AMORTIZATION METHOD	Payments Increasing at 4%
REMAINING AMORTIZATION PERIOD - TOWN	28 years open
REMAINING AMORTIZATION PERIOD - BOE	16 years closed
ASSET VALUATION METHOD	Fair Value

**ACTUARIAL ASSUMPTIONS:**

Investment rate of return	4.5%
Healthcare inflation rate:	
Initial	9.5%
Ultimate	5.0%

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

**IV. OTHER INFORMATION (CONTINUED)**

**D. Other Post-Employment Benefits Plan (Continued)**

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

The changes in the NOO were as follows:

	TOWN	BOARD OF EDUCATION
Annual required contribution .....	\$ 3,455,700	\$ 1,661,931
Interest on net OPEB obligation .....	153,898	104,740
Adjustment to annual required contribution.....	( 124,821)	( 154,118)
Annual OPEB cost.....	3,484,777	1,612,553
Contributions made .....	1,995,205	1,584,886
Change in net OPEB obligation .....	2,138,281	27,667
Net OPEB obligation - July 1, 2010 .....	4,068,674	139,449
Net OPEB obligation - June 30, 2011.....	\$ 5,558,246	\$ 167,116

**6. Three 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
2010	3,417,543	32.1%	4,068,674
2011	3,484,777	57.2%	5,558,246
BOARD OF EDUCATION			
2009	\$ 1,252,326	97.4%	\$ 32,016
2010	1,310,675	91.8%	139,449
2011	1,612,553	95.4%	167,116

**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 \$3,031,654.

TOWN OF EAST HAVEN, CONNECTICUTREQUIRED SUPPLEMENTARY INFORMATION  
EAST HAVEN OTHER POST EMPLOYMENT BENEFIT PLANSSCHEDULE 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
2011	-	59,580,092	(59,580,092)	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	\$ -	\$ 18,154,621	\$ (18,154,621)	0.0%	N/A	N/A
2011	-	24,221,999	(24,221,999)	0.0%	N/A	N/A

N/A - No data available.

**TOWN OF EAST HAVEN, CONNECTICUT****REQUIRED SUPPLEMENTARY INFORMATION  
EAST HAVEN OTHER POST EMPLOYMENT BENEFIT PLANS****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%
2010	3,402,672	1,098,009	32.3%
2011	3,455,700	1,995,205	57.7%

**BOARD OF EDUCATION PLAN**

ACTUARIAL VALUATION DATE	ANNUAL REQUIRED CONTRIBUTIONS	ACTUAL CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
<u>JUNE 30,</u>			
2009	\$ 1,252,326	\$ 1,220,310	97.4%
2010	1,311,234	1,203,242	91.8%
2011	1,661,931	1,584,886	95.4%

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## **Supplemental Schedules**

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## **General Fund**

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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**  
**(1 of 2)**

**TOWN OF EAST HAVEN, CONNECTICUT**

GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Real estate.....	\$ 53,130,491	\$ 53,130,491	\$ 53,872,124	\$ 741,633
Motor vehicle & personal property.....	5,240,740	5,240,740	5,040,757	(199,983)
Supplemental motor vehicle.....	423,864	423,864	398,269	(25,595)
Delinquent taxes.....	652,000	652,000	619,277	(32,723)
Suspense collections.....	150,000	150,000	82,020	(67,980)
Interest, penalties & liens.....	470,000	470,000	538,598	68,598
P.I.L.O.T. water authority.....	572,120	572,120	572,506	386
P.I.L.O.T. GNHWPCA.....	63,000	63,000	63,000	-
Telecommunication property tax.....	120,000	120,000	77,376	(42,624)
TOTAL PROPERTY TAXES.....	60,822,215	60,822,215	61,263,927	441,712
INTERGOVERNMENTAL REVENUES:				
State aid school construction.....	2,132,497	2,132,497	2,132,497	-
Health & welfare non public school.....	37,273	37,273	25,093	(12,180)
Pupil transportation.....	364,422	364,422	303,919	(60,503)
Education block grant.....	18,764,125	18,764,125	16,047,209	(2,716,916)
P.I.L.O.T. state property.....	223,396	223,396	224,678	1,282
P.I.L.O.T. Pequot funds.....	154,807	154,807	155,918	1,111
Elderly circuit breaker.....	340,000	340,000	321,958	(18,042)
Tax relief elderly.....	18,500	18,500	14,169	(4,331)
Veterans' exemption.....	78,100	78,100	82,612	4,512
Disability reimbursement.....	4,400	4,400	5,124	724
Manufacturer equipment.....	38,000	38,000	62,435	24,435
P.I.L.O.T. Aircraft.....	3,000	3,000		(3,000)
Off Track Betting (OTB).....	70,000	70,000	57,449	(12,551)
General assistance reimb.....	1,000	1,000		(1,000)
State of CT. dept of children.....	25,000	25,000	22,073	(2,927)
TOTAL INTERGOVERNMENTAL REVENUES.....	22,254,520	22,254,520	19,455,134	(2,799,386)
INVESTMENT INCOME.....	85,000	85,000	30,947	(54,053)
CHARGES FOR SERVICES:				
Zoning board of appeals.....	4,000	4,000	1,952	(2,048)
Zoning fees.....	14,000	14,000	16,129	2,129
Police permits, tags, etc.....	15,000	15,000	15,550	550
Fire permits/fees.....	2,500	2,500	996	(1,504)
Town clerk fees.....	350,000	350,000	351,448	1,448
Building dept permits.....	125,000	125,000	130,128	5,128
Recreation fees.....	90,000	90,000	84,366	(5,634)
Pool fees.....	19,000	19,000	15,428	(3,572)
Athletic complex fees.....	300,000	300,000	278,465	(21,535)
C.A.M. fees.....	500	500	300	(200)
Human services fees.....	156,000	156,000	131,920	(24,080)
Landfill fees.....	20,000	20,000	15,032	(4,968)
Solid waste hauler fees.....	10,000	10,000		(10,000)
Inland/wetland prints.....	2,000	2,000	120	(1,880)
Flood and erosion.....	1,000	1,000	490	(510)
Police special assignments.....	650,000	650,000	585,700	(64,300)
TOTAL CHARGES FOR SERVICES.....	1,759,000	1,759,000	1,628,024	(130,976)

(Continued)

**SCHEDULE 1**  
**(2 of 2)**

TOWN OF EAST HAVEN, CONNECTICUT  
GENERAL FUND

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL (CONTINUED)**

OTHER REVENUES:								
Employee benefit cost sharing.....	\$	320,000	\$	320,000	\$	314,348	\$	(5,652)
Workman comp. reimbursement.....		280,000		280,000		410,443		130,443
Miscellaneous.....		150,000		150,000		261,138		111,138
<hr/>								
TOTAL OTHER REVENUES.....		750,000		750,000		985,929		235,929
<hr/>								
TOTAL REVENUES.....		85,670,735		85,670,735		83,363,961		(2,306,774)
 OTHER FINANCING SOURCES:								
Sale of town property.....						1,672,168		1,672,168
<hr/>								
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$	85,670,735	\$	85,670,735	\$	85,036,129	\$	(634,606)

(Concluded)



**TOWN OF EAST HAVEN, CONNECTICUT**

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>GENERAL GOVERNMENT:</b>				
Town Council.....	\$ 57,350	\$ 66,950	\$ 63,170	\$ 3,780
Board of Finance.....	6,800	6,800	6,800	-
Mayor.....	129,526	129,526	123,656	5,870
Finance.....	396,273	377,873	369,705	8,168
Purchasing.....	45,385	45,385	37,194	8,191
Tax collector.....	256,255	256,255	242,038	14,217
Assessor.....	251,150	251,150	215,894	35,256
Personnel, administration and management.....	265,585	265,585	263,844	1,741
Board of assessment appeals.....	1,900	1,900	1,600	300
Town clerk.....	236,566	236,966	223,138	13,828
Registrar of Voters.....	141,270	158,990	145,530	13,460
Planning & zoning.....	133,709	133,749	133,749	-
Zoning board of appeals.....	2,975	2,935	1,672	1,263
Legal.....	223,400	223,400	210,598	12,802
Probate.....	6,500	6,500	6,133	367
Civil service.....	45,294	53,994	38,449	15,545
Flood & erosion.....	1,500	1,500	900	600
Inland/wetland.....	2,400	2,400	1,502	898
Fund balance contribution.....	2,785,008	1,976,427		1,976,427
School building committee.....	1,985	2,580	2,580	-
<b>TOTAL GENERAL GOVERNMENT.....</b>	<b>4,990,831</b>	<b>4,200,865</b>	<b>2,088,152</b>	<b>2,112,713</b>
<b>PUBLIC SAFETY:</b>				
Board of police commissioners.....	2,025	2,025	1,364	661
Canine control.....	199,824	199,824	193,075	6,749
Police Departments.....	4,646,486	4,922,486	4,872,164	50,322
Board of fire commissioners.....	13,500	13,500	9,864	3,636
Fire department.....	5,087,080	5,483,107	5,445,157	37,950
<b>TOTAL PUBLIC SAFETY.....</b>	<b>9,948,915</b>	<b>10,620,942</b>	<b>10,521,624</b>	<b>99,318</b>
<b>HIGHWAYS AND ENGINEERING:</b>				
Engineering.....	146,873	146,873	144,797	2,076
Highways.....	2,021,513	2,070,153	2,064,900	5,253
<b>TOTAL HIGHWAYS AND ENGINEERING.....</b>	<b>2,168,386</b>	<b>2,217,026</b>	<b>2,209,697</b>	<b>7,329</b>
<b>SANITATION AND MAINTENANCE:</b>				
Building department.....	144,300	144,300	139,523	4,777
Sanitation.....	1,955,235	1,930,495	1,921,491	9,004
Building maintenance.....	606,683	762,601	740,391	22,210
<b>TOTAL SANITATION AND MAINTENANCE.....</b>	<b>2,706,218</b>	<b>2,837,396</b>	<b>2,801,405</b>	<b>35,991</b>

(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
HEALTH AND WELFARE:				
Public health.....	\$ 224,150	\$ 224,150	\$ 221,136	\$ 3,014
Social services.....	84,162	84,162	75,242	8,920
Counseling & community services.....	590,811	597,255	597,250	5
Housing authority.....	22,925	22,330	20,218	2,112
Urban renewal.....	53,520	44,301	44,301	-
TOTAL HEALTH AND WELFARE.....	975,568	972,198	958,147	14,051
CULTURE AND RECREATION:				
Recreation.....	453,271	460,271	447,176	13,095
Recreation - ice rink.....	326,193	341,193	311,193	30,000
Senior center.....	202,857	196,893	192,256	4,637
Library.....	711,000	711,000	711,000	-
Community services.....	95,650	84,889	77,414	7,475
TOTAL CULTURE AND RECREATION.....	1,788,971	1,794,246	1,739,039	55,207
EMPLOYEE BENEFITS AND INSURANCE:				
Employee benefits.....	6,918,500	7,213,154	7,213,154	-
Insurance.....	2,635,000	2,591,500	2,553,444	38,056
TOTAL EMPLOYEE BENEFITS AND INSURANCE.....	9,553,500	9,804,654	9,766,598	38,056
EDUCATION.....	44,052,612	44,052,612	40,717,846	3,334,766
GENERAL SERVICES.....	2,075,875	1,769,637	1,598,974	170,663
DEBT SERVICE:				
Principal.....	5,140,000	5,140,000	5,140,000	-
Interest.....	2,269,859	2,261,159	2,096,711	164,448
TOTAL DEBT SERVICE.....	7,409,859	7,401,159	7,236,711	164,448
TOTAL EXPENDITURES.....	\$ 85,670,735	\$ 85,670,735	\$ 79,638,193	\$ 6,032,542

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE 3

REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2011

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2010	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED AMOUNT COLLECTIBLE	TAXES COLLECTED	INTEREST & LIEN FEES	TOTAL	UNCOLLECTED TAXES JUNE 30, 2011
			ADDITIONS	DEDUCTIONS						
1994	\$ 68,294	\$	\$	\$ 68,023	\$	\$ 271.00	\$ 271	\$ 744	\$ 1,015	\$ -
1995	85,812					85,812	1,326	3,447	4,773	84,486
1996	62,230			139		62,091		1,220	1,220	62,091
1997	53,887					53,887	52	140	192	53,835
1998	49,894					49,894	41	133	174	49,853
1999	51,871			5		51,866			-	51,866
2000	61,746			4		61,742	295	512	807	61,447
2001	61,252			459		60,793	73	111	184	60,720
2002	74,077			439		73,638	129	174	303	73,509
2003	67,485			4		67,481	708	649	1,357	66,773
2004	79,373			115		79,258	1,861	1,793	3,654	77,397
2005	89,458		474	137		89,795	8,836	5,168	14,004	80,959
2006	138,918		90,946	54,030		175,834	67,921	20,009	87,930	107,913
2007	330,440		39,957	16,095	114	354,188	192,124	64,383	256,507	162,064
2008	1,161,658		73,119	36,819	130,333	1,067,625	756,801	151,773	908,574	310,824
TOTAL PRIOR YEARS	2,436,395	-	204,496	176,269	130,447	2,334,175	1,030,438	250,256	1,280,694	1,303,737
2009		60,369,693	210,046	243,737	3,749	60,332,253	58,975,641	229,141	59,204,782	1,356,612
TOTAL	\$ 2,436,395	\$ 60,369,693	\$ 414,542	\$ 420,006	\$ 134,196	\$ 62,666,428	60,006,079	479,397	60,485,476	\$ 2,660,349
Suspense collections							70,844		70,844	
							\$ 60,076,923	\$ 479,397	\$ 60,556,320	

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# Nonmajor Governmental Funds

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## **Special Revenue Funds**

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

Public Safety

Teen Center

Historical Documents Preservation

Hagaman Memorial Library

Economic Development

Health and Welfare

Town Pool Repair

Emergency Management Fund

Open Space

Day Care

Workforce Alliance

Athletic Department

Marine Enforcement Grants

High School Rental

Public Works State Aid

School Lunch

Permanent Patch Fund

Adult Education

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

Land Acquisition

LOCIP

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, CONNECTICUTCOMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	PUBLIC SAFETY	HISTORICAL DOCUMENTS PRESERVATION	TOWN POOL REPAIR	OPEN SPACE	MARINE ENFORCEMENT GRANTS
<u>ASSETS</u>					
Cash.....	\$ 6,672	\$	\$	\$	\$
Due from other funds.....	20,278	24,338	1,594	45,000	18,397
TOTAL ASSETS.....	\$ 26,950	\$ 24,338	\$ 1,594	\$ 45,000	\$ 18,397
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable.....	\$ 5,729	\$ 1,990	\$	\$	\$
Due to other funds.....	10,038				
TOTAL LIABILITIES.....	15,767	1,990	-	-	-
FUND BALANCES:					
Restricted.....	11,183	22,348			18,397
Assigned.....			1,594	45,000	
TOTAL FUND BALANCES.....	11,183	22,348	1,594	45,000	18,397
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 26,950	\$ 24,338	\$ 1,594	\$ 45,000	\$ 18,397

(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
<u>ASSETS</u>					
Cash.....	\$	\$	\$	\$ 110,505	\$
Due from other funds.....		500	28,404		9,081
TOTAL ASSETS.....	\$ -	\$ 500	\$ 28,404	\$ 110,505	\$ 9,081
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable.....	\$ 2,155	\$	\$ 438	\$	\$ 1,981
Due to other funds.....	1,523				
TOTAL LIABILITIES.....	3,678	-	438	-	1,981
FUND BALANCES:					
Restricted.....				110,505	
Assigned.....		500	27,966		7,100
Unassigned.....	(3,678)				
TOTAL FUND BALANCES.....	(3,678)	500	27,966	110,505	7,100
TOTAL LIABILITIES AND FUND BALANCES.....	\$ -	\$ 500	\$ 28,404	\$ 110,505	\$ 9,081

(Continued)

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

	SPECIAL REVENUE FUNDS					
	SENIOR CENTER SPECIAL FUNDING	SENIOR CENTER	TEEN CENTER	HAGAMAN MEMORIAL LIBRARY	HEALTH AND WELFARE	EMERGENCY MANAGEMENT FUND
<b>ASSETS</b>						
Cash.....	\$	\$ 4,027	\$	\$ 62,236	\$ 73	\$
Receivables:						
Other.....					20,215	
Due from other funds.....	12		12,085		122,656	32,209
<b>TOTAL ASSETS.....</b>	<b>\$ 12</b>	<b>\$ 4,027</b>	<b>\$ 12,085</b>	<b>\$ 62,236</b>	<b>\$ 142,944</b>	<b>\$ 32,209</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable.....	\$	\$	\$	\$	\$ 9,059	\$
Due to other funds.....					37	
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,096</b>	<b>-</b>
<b>FUND BALANCES:</b>						
Restricted.....						32,209
Committed.....	12	4,027			133,848	
Assigned.....			12,085	62,236		
<b>TOTAL FUND BALANCES.....</b>	<b>12</b>	<b>4,027</b>	<b>12,085</b>	<b>62,236</b>	<b>133,848</b>	<b>32,209</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 12</b>	<b>\$ 4,027</b>	<b>\$ 12,085</b>	<b>\$ 62,236</b>	<b>\$ 142,944</b>	<b>\$ 32,209</b>

(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	ADULT EDUCATION	EDUCATION GRANTS	TOTAL
<u>ASSETS</u>							
Cash.....	\$ 80,733	\$ 8,543	\$ 171,970	\$ 41,063	\$ 273	\$ 481,244	\$ 967,339
Receivables:							
Intergovernmental.....				149,953		424,171	574,124
Other.....							20,215
Due from other funds.....							314,554
Other.....				29,093			29,093
TOTAL ASSETS.....	\$ 80,733	\$ 8,543	\$ 171,970	\$ 220,109	\$ 273	\$ 905,415	\$ 1,905,325
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable.....	\$ 26,821	\$	\$	\$ 157,351	\$	\$ 14,770	\$ 193,473
Accrued payroll.....				47,437		322,910	397,168
Due to other funds.....			126,884			175,000	313,482
Unearned revenue.....						353,868	353,868
TOTAL LIABILITIES.....	26,821	-	126,884	204,788	-	866,548	1,257,991
FUND BALANCES:							
Restricted.....			45,086	15,321	273	38,867	294,189
Committed.....							137,887
Assigned.....	53,912	8,543					218,936
Unrestricted.....							(3,678)
TOTAL FUND BALANCES.....	53,912	8,543	45,086	15,321	273	38,867	647,334
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 80,733	\$ 8,543	\$ 171,970	\$ 220,109	\$ 273	\$ 905,415	\$ 1,905,325

(Continued)

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

	CAPITAL PROJECTS FUNDS				
	ROAD BONDING 2008	LAND ACQUISITION	LOCIP	LOCIP TOWN CLERK FEES	TOTAL
<u>ASSETS</u>					
Receivables:					
Intergovernmental.....	\$	\$	\$ 85,814	\$	\$ 85,814
Due from other funds.....	2,081			36,280	38,361
TOTAL ASSETS.....	\$ 2,081	\$ -	\$ 85,814	\$ 36,280	\$ 124,175
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable.....	\$	\$	\$ 3,885	\$	\$ 3,885
Due to other funds.....		5,335	7,044		12,379
TOTAL LIABILITIES.....	-	5,335	10,929	-	16,264
FUND BALANCES:					
Committed.....	2,081		74,885	36,280	113,246
Unassigned.....		(5,335)			(5,335)
TOTAL FUND BALANCES.....	2,081	(5,335)	74,885	36,280	107,911
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 2,081	\$ -	\$ 85,814	\$ 36,280	\$ 124,175

(Continued)

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

	PERMANENT FUNDS						TOTAL NONMAJOR GOVERNMENTAL FUNDS
	J. WOODWARD THOMPSON EDUCATION FUND	LIBRARY FUND	ELIZABETH MCHARDY TRUST	ISAAC HAGAMAN LIBRARY FUND	A. J. BERMAN LIBRARY FUND	TOTAL	
<u>ASSETS</u>							
Cash.....	\$	\$	\$		\$	\$	\$
Investments.....	416,514	14,239	146,932	1,223,925	14,025	1,963,071	981,578
Receivables:		161,675					1,963,071
Intergovernmental.....						-	659,938
Other.....						-	20,215
Due from other funds.....						-	352,915
Other.....						-	29,093
<b>TOTAL ASSETS.....</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	416,514	175,914	146,932	1,223,925	14,025	1,977,310	4,006,810
<u>LIABILITIES AND FUND BALANCES</u>							
<b>LIABILITIES:</b>							
Accounts payable.....	\$	\$	\$	\$	\$	\$	\$
Accrued payroll.....						-	197,358
Due to other funds.....						-	397,168
Unearned revenue.....						-	325,861
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>353,868</b>
<b>FUND BALANCES:</b>							
Nonspendable.....				100,000		100,000	100,000
Restricted.....	416,514	175,914	146,932	1,123,925	14,025	1,877,310	2,171,499
Committed.....						-	251,133
Assigned.....						-	218,936
Unassigned.....						-	(9,013)
<b>TOTAL FUND BALANCES.....</b>	<b>416,514</b>	<b>175,914</b>	<b>146,932</b>	<b>1,223,925</b>	<b>14,025</b>	<b>1,977,310</b>	<b>2,732,555</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	416,514	175,914	146,932	1,223,925	14,025	1,977,310	4,006,810

(Concluded)

**TOWN OF EAST HAVEN, CONNECTICUT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS						
	PUBLIC SAFETY	HISTORICAL DOCUMENTS PRESERVATION	ECONOMIC DEVELOPMENT	TOWN POOL REPAIR	OPEN SPACE	WORKFORCE ALLIANCE	MARINE ENFORCEMENT GRANTS
REVENUES:							
Charges for services.....	\$ 5,092	\$ 9,424	\$	\$ 714	\$	\$ 56,404	\$
Intergovernmental.....	32,322	6,000					6,948
TOTAL REVENUES.....	37,414	15,424	-	714	-	56,404	6,948
EXPENDITURES:							
Current:							
General government.....		44,994	3,445			56,435	3,216
Public safety.....	69,897						
TOTAL EXPENDITURES.....	69,897	44,994	3,445	-	-	56,435	3,216
NET CHANGE IN FUND BALANCES.....	(32,483)	(29,570)	(3,445)	714	-	(31)	3,732
FUND BALANCES, JULY 1, 2010.....	43,666	51,918	3,445	880	45,000	31	14,665
FUND BALANCES, JUNE 30, 2011.....	\$ 11,183	\$ 22,348	\$ -	\$ 1,594	\$ 45,000	\$ -	\$ 18,397

(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
REVENUES:					
Charges for services.....	\$	\$	\$	\$	\$
Intergovernmental.....	202,025		23,719	234,300	20,103
Investment income.....		500			
Other.....				31,937	
TOTAL REVENUES.....	202,025	500	23,719	266,237	20,103
EXPENDITURES:					
Current:					
General government.....				243,615	
Public safety.....			11,644		23,457
Public works.....	260,348	3,563			
TOTAL EXPENDITURES.....	260,348	3,563	11,644	243,615	23,457
NET CHANGE IN FUND BALANCES.....	(58,323)	(3,063)	12,075	22,622	(3,354)
FUND BALANCES, JULY 1, 2010.....	54,645	3,563	15,891	87,883	10,454
FUND BALANCES, JUNE 30, 2011.....	\$ (3,678)	\$ 500	\$ 27,966	\$ 110,505	\$ 7,100

(Continued)

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

	SPECIAL REVENUE FUNDS					
	SENIOR CENTER SPECIAL FUNDING	SENIOR CENTER	TEEN CENTER	HAGAMAN MEMORIAL LIBRARY	HEALTH AND WELFARE	EMERGENCY MANAGEMENT FUND
REVENUES:						
Charges for services.....	\$	\$ 70,467	\$ 12,085	\$ 138,519	\$ 160,606	\$ 524
Intergovernmental.....				9,642	6,250	15,380
Investment income.....				81		
Contributions.....				3,679	10,100	
TOTAL REVENUES.....	-	70,467	12,085	151,921	176,956	15,904
EXPENDITURES:						
Current:						
Public safety.....						7,824
Culture and recreation.....		71,263		183,251	3,624	
Health and welfare.....					126,406	
TOTAL EXPENDITURES.....	-	71,263	-	183,251	130,030	7,824
NET CHANGE IN FUND BALANCES.....	-	(796)	12,085	(31,330)	46,926	8,080
FUND BALANCES, JULY 1, 2010.....	12	4,823		93,566	86,922	24,129
FUND BALANCES, JUNE 30, 2011.....	\$ 12	\$ 4,027	\$ 12,085	\$ 62,236	\$ 133,848	\$ 32,209

(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	ADULT EDUCATION	EDUCATION GRANTS	TOTAL	
REVENUES:								
Charges for services.....	\$ 515,905	\$ 27,200	\$ 956,361	\$ 537,059	\$ 11,307	\$ 145,948	\$ 2,691,437	
Intergovernmental.....				789,881		6,476,170	7,778,918	
Investment income.....							581	
Contributions.....							13,779	
Other.....							31,937	
TOTAL REVENUES.....	515,905	27,200	956,361	1,326,940	11,307	6,622,118	10,516,652	
EXPENDITURES:								
Current:								
General government.....								351,705
Public safety.....								112,822
Public works.....								263,911
Culture and recreation.....								258,138
Health and welfare.....								126,406
Education.....	446,846	26,065	931,216	1,311,865	11,817	6,622,090	9,349,899	
TOTAL EXPENDITURES.....	446,846	26,065	931,216	1,311,865	11,817	6,622,090	10,462,881	
NET CHANGE IN FUND BALANCES.....	69,059	1,135	25,145	15,075	(510)	28	53,771	
FUND BALANCES, JULY 1, 2010.....	(15,147)	7,408	19,941	246	783	38,839	593,563	
FUND BALANCES, JUNE 30, 2011.....	\$ 53,912	\$ 8,543	\$ 45,086	\$ 15,321	\$ 273	\$ 38,867	\$ 647,334	

(Continued)

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

	CAPITAL PROJECTS FUNDS				
	ROAD BONDING 2008	LAND ACQUISITION	LOCIP	LOCIP TOWN CLERK FEES	TOTAL
REVENUES:					
Charges for services.....	\$	\$ 15,500	\$	\$ 14,434	\$ 29,934
Intergovernmental.....		1,243,131	241,643		1,484,774
TOTAL REVENUES.....	-	1,258,631	241,643	14,434	1,514,708
EXPENDITURES:					
Capital outlay.....	4,759	1,267,826	223,091	11,395	1,507,071
NET CHANGE IN FUND BALANCES.....	(4,759)	(9,195)	18,552	3,039	7,637
FUND BALANCES, JULY 1, 2010.....	6,840	3,860	56,333	33,241	100,274
FUND BALANCES, JUNE 30, 2011.....	\$ 2,081	\$ (5,335)	\$ 74,885	\$ 36,280	\$ 107,911

(Continued)



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

	PERMANENT FUNDS						TOTAL NONMAJOR GOVERNMENTAL FUNDS
	J. WOODWARD THOMPSON EDUCATION FUND	LIBRARY FUND	ELIZABETH MCHARDY TRUST	ISAAC HAGAMAN LIBRARY FUND	A. J. BERMAN LIBRARY FUND	TOTAL	
REVENUES:							
Charges for services.....	\$	\$	\$	\$	\$	\$ -	\$ 2,721,371
Intergovernmental.....						-	9,263,692
Investment income.....	1,052	1,233	2,836	38,754	99	43,974	44,555
Change in fair value of investments.....		(525)	26,956	190,240	3,156	219,827	219,827
Contributions.....		940		5,895		6,835	20,614
Other.....						-	31,937
TOTAL REVENUES.....	1,052	1,648	29,792	234,889	3,255	270,636	12,301,996
EXPENDITURES:							
Current:							
General government.....						-	351,705
Public safety.....						-	112,822
Public works.....						-	263,911
Culture and recreation.....		27,234	1,685	66,228		95,147	353,285
Health and welfare.....						-	126,406
Education.....						-	9,349,899
Capital outlay.....						-	1,507,071
TOTAL EXPENDITURES.....	-	27,234	1,685	66,228	-	95,147	12,065,099
NET CHANGE IN FUND BALANCES.....	1,052	(25,586)	28,107	168,661	3,255	175,489	236,897
FUND BALANCES, JULY 1, 2010.....	415,462	201,500	118,825	1,055,264	10,770	1,801,821	2,495,658
FUND BALANCES, JUNE 30, 2011.....	\$ 416,514	\$ 175,914	\$ 146,932	\$ 1,223,925	\$ 14,025	\$ 1,977,310	\$ 2,732,555

(Concluded)

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## Internal Service Funds

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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, CONNECTICUTINTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2011

	SELF- INSURANCE	WORKERS' COMPENSATION	MEDICAL INSURANCE	TOTAL
<u>ASSETS</u>				
Cash.....	\$	\$	\$ 836,287	\$ 836,287
Investments.....	673,624		476,968	1,150,592
Accounts receivable.....			102,534	102,534
Due from other funds.....		257,876	1,090,660	1,348,536
TOTAL ASSETS.....	673,624	257,876	2,506,449	3,437,949
<u>LIABILITIES</u>				
Current liabilities:				
Cash overdraft.....		4,700		4,700
Claims and judgments payable.....	940,000	1,770,262	697,863	3,408,125
Due to other funds.....	766,287			766,287
Total current liabilities.....	1,706,287	1,774,962	697,863	4,179,112
Noncurrent liability:				
Claims and judgments payable.....	1,200,000	9,393,532		10,593,532
TOTAL LIABILITIES.....	2,906,287	11,168,494	697,863	14,772,644
<u>NET ASSETS</u>				
Unrestricted.....	\$ (2,232,663)	\$ (10,910,618)	\$ 1,808,586	\$ (11,334,695)

SCHEDULE 7TOWN OF EAST HAVEN, CONNECTICUT

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2011

	SELF- INSURANCE	WORKERS' COMPENSATION	MEDICAL INSURANCE	TOTAL
<hr/>				
OPERATING REVENUES:				
Charges for services.....	\$ 311,190	\$ 3,032,488	\$ 13,212,635	\$ 16,556,313
OPERATING EXPENSES:				
Claims.....	2,655,247	3,285,466	10,124,193	16,064,906
Administration.....			1,375,667	1,375,667
TOTAL OPERATING EXPENSES.....	2,655,247	3,285,466	11,499,860	17,440,573
OPERATING INCOME (LOSS).....	(2,344,057)	(252,978)	1,712,775	(884,260)
NONOPERATING REVENUES:				
Investment income (loss).....			1,287	1,287
CHANGES IN NET ASSETS.....	(2,344,057)	(252,978)	1,714,062	(882,973)
NET ASSETS - JULY 1, 2010.....	111,394	(10,657,640)	94,524	(10,451,722)
NET ASSETS - JUNE 30, 2011.....	\$ (2,232,663)	\$ (10,910,618)	\$ 1,808,586	\$ (11,334,695)

TOWN OF EAST HAVEN, CONNECTICUTINTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011

	SELF- INSURANCE	WORKERS' COMPENSATION	MEDICAL INSURANCE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
Premiums received.....	\$ 582,822	\$ 2,576,902	\$ 12,306,321	\$ 15,466,045
Payments to vendors.....			(1,375,667)	(1,375,667)
Payments for claims.....	(856,534)	(2,576,902)	(10,230,200)	(13,663,636)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	(273,712)	-	700,454	426,742
CASH FLOWS FROM INVESTING ACTIVITIES:				
Income from investments.....			1,287	1,287
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(273,712)	-	701,741	428,029
CASH AND CASH EQUIVALENTS - JULY 1, 2010.....	947,336	(4,700)	611,514	1,554,150
CASH AND CASH EQUIVALENTS (OVERDRAFT) - JUNE 30, 2011.....	\$ 673,624	\$ (4,700)	\$ 1,313,255	\$ 1,982,179
RECONCILIATION TO BALANCE SHEET CASH:				
Cash and cash equivalents per above.....	\$ 673,624	\$ (4,700)	\$ 1,313,255	\$ 1,982,179
Cash and cash equivalents reported as investments.....	(673,624)		(476,968)	(1,150,592)
BALANCE SHEET CASH (OVERDRAFT).....	\$ -	\$ (4,700)	\$ 836,287	\$ 831,587
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ (2,344,057)	\$ (252,978)	\$ 1,712,775	\$ (884,260)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in:				
Accounts receivable.....			12,629	12,629
Due from other funds.....		(257,876)	(918,943)	(1,176,819)
Increase (decrease) in:				
Claims and judgments payable.....	1,370,000	708,564	(106,007)	1,972,557
Due to other funds.....	700,345	(197,710)		502,635
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ (273,712)	\$ -	\$ 700,454	\$ 426,742

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# Fiduciary Funds

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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.

## **PRIVATE-PURPOSE TRUST FUNDS**

To account for various scholarship funds.

## **AGENCY FUNDS**

### **Performance Bonds**

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

### **Student Activities**

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

**SCHEDULE 9**

**TOWN OF EAST HAVEN, CONNECTICUT**

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	PRIVATE-PURPOSE TRUST FUNDS		
	SHINDER SCHOLARSHIP FUND	PATSY DILUNGO SCHOLARSHIP FUND	TOTAL PRIVATE- PURPOSE TRUST FUNDS
<u>ASSETS</u>			
Cash.....	\$	\$ 34,766	\$ 34,766
Investments.....	45,624		45,624
TOTAL ASSETS.....	\$ 45,624	\$ 34,766	\$ 80,390
<u>NET ASSETS</u>			
Held in trust for:			
Individuals.....	\$ 45,624	\$ 34,766	\$ 80,390
TOTAL NET ASSETS HELD IN TRUST.....	\$ 45,624	\$ 34,766	\$ 80,390

**TOWN OF EAST HAVEN, CONNECTICUT**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	PRIVATE-PURPOSE TRUST FUNDS		
	SHINDER SCHOLARSHIP FUND	PATSY DILUNGO SCHOLARSHIP FUND	TOTAL PRIVATE- PURPOSE TRUST FUNDS
ADDITIONS:			
Investment income (loss):			
Interest and dividends.....	\$ 624	\$ 39	\$ 663
DEDUCTIONS:			
Scholarships awarded.....	2,000		2,000
CHANGE IN NET ASSETS.....	(1,376)	39	(1,337)
NET ASSETS, JULY 1, 2010.....	47,000	34,727	81,727
NET ASSETS, JUNE 30, 2011.....	\$ 45,624	\$ 34,766	\$ 80,390



**SCHEDULE 11****TOWN OF EAST HAVEN, CONNECTICUT**

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE JULY 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2011
<b><u>ASSETS</u></b>				
CASH:				
East Haven High School Activity Fund.....	\$ 97,523	\$ 194,989	\$ 197,740	\$ 94,772
Joseph Melillo Middle School Activity Fund....	12,695	26,960	28,027	11,628
Deer Run Student Activity Fund.....		7,335	3,280	4,055
Ferrara Student Activity Fund.....		5,844	4,270	1,574
Tuttle Student Activity Fund.....		2,720	2,670	50
Overbrook Student Activity Fund.....		34,937	29,781	5,156
Hayes Student Activity Fund.....		1,230	469	761
General Activity Fund.....	4,189	4		4,193
EH School Fund.....	1,782	1		1,783
EH Highland School.....	8,995	8		9,003
BOE Medicare Account.....	64,660	23,749	8,101	80,308
DC Moore School Library.....	1,293		1,293	-
R.W. Carbone School.....	5,421		71	5,350
Flex Spending.....	17,998	38,107	28,052	28,053
Performance bonds.....	957	1		958
<b>TOTAL CASH.....</b>	<b>215,513</b>	<b>335,885</b>	<b>303,754</b>	<b>247,644</b>
INVESTMENTS:				
East Haven High School Activity Fund.....	44,022	310	259	44,073
<b>TOTAL ASSETS.....</b>	<b>\$ 259,535</b>	<b>\$ 336,195</b>	<b>\$ 304,013</b>	<b>\$ 291,717</b>
<b><u>LIABILITIES</u></b>				
ACCOUNTS PAYABLE:				
East Haven High School Activity Fund.....	\$ 141,545	\$ 195,299	\$ 197,999	\$ 138,845
Joseph Melillo Middle School Activity Fund....	12,695	26,960	28,027	11,628
Deer Run Student Activity Fund.....		7,335	3,280	4,055
Ferrara Student Activity Fund.....		5,844	4,270	1,574
Tuttle Student Activity Fund.....		2,720	2,670	50
Overbrook Student Activity Fund.....		34,937	29,781	5,156
Hayes Student Activity Fund.....		1,230	469	761
General Activity Fund.....	4,189	4		4,193
EH School Fund.....	1,782	1		1,783
EH Highland School.....	8,995	8		9,003
BOE Medicare Account.....	64,660	23,749	8,101	80,308
DC Moore School Library.....	1,293		1,293	-
R.W. Carbone School.....	5,421		71	5,350
Flex Spending.....	17,998	38,107	28,052	28,053
Performance bonds.....	957	1		958
<b>TOTAL LIABILITIES.....</b>	<b>\$ 259,535</b>	<b>\$ 336,195</b>	<b>\$ 304,013</b>	<b>\$ 291,717</b>

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## **Trend Information**

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TABLE 1

## TOWN OF EAST HAVEN, CONNECTICUT

NET ASSETS BY COMPONENT  
LAST SIX YEARS  
(UNAUDITED)

	FISCAL YEAR					
	2011	(1) 2010	2009	2008	2007	2006
GOVERNMENTAL ACTIVITIES:						
Invested in capital assets, net of related debt.....	\$ 44,377,039	\$ 35,996,442	\$ 36,790,597	\$ 37,516,717	\$ 32,585,690	\$ 10,602,768
Restricted for:						
Endowments:						
Nonexpendable.....	100,000	100,000	100,000	100,000	100,000	100,000
Expendable.....	1,877,310	1,701,821	1,729,333	1,963,496	2,193,639	1,667,578
General government.....	22,348	51,918				
Public safety.....	61,789	82,460				
Public works.....	110,505	87,883				
Education.....	99,547	59,809				
Unrestricted.....	(8,086,441)	(7,633,521)	(30,438)	15,914,574	26,928,603	5,239,393
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS.....	\$ 38,562,097	\$ 30,446,812	\$ 38,589,492	\$ 55,494,787	\$ 61,807,932	\$ 17,609,739

(1) Net asset componets completely restated for fiscal year 2010 only.

**TABLE 2**  
**(1 of 2)**

**TOWN OF EAST HAVEN, CONNECTICUT**

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

	FISCAL YEAR					
	2011	2010	2009	2008	2007	2006
<b>EXPENSES:</b>						
Governmental activities:						
General government.....	\$ 5,646,738	\$ 5,905,126	\$ 7,585,922	\$ 5,517,911	\$ 5,501,604	\$ 8,106,306
Public safety.....	14,694,490	13,668,386	13,860,530	14,949,291	12,710,019	12,618,534
Public works.....	9,312,188	10,402,985	9,799,512	8,709,675	8,281,435	7,535,709
Culture and recreation.....	2,707,752	2,670,130	2,969,521	2,506,521	2,389,974	2,316,075
Health and welfare.....	2,736,590	2,433,413	2,510,330	1,487,119	1,553,644	1,462,279
Education.....	55,340,891	57,924,242	57,168,425	59,780,686	48,310,573	48,719,633
Interest expense.....	2,201,822	2,450,938	2,163,201	2,451,064	2,459,162	2,560,775
Total Governmental activities expenses.....	92,640,471	95,455,220	96,057,441	95,402,267	81,206,411	83,319,311
Business-type activities:						
WPCA.....						948,162
<b>TOTAL EXPENSES.....</b>	<b>92,640,471</b>	<b>95,455,220</b>	<b>96,057,441</b>	<b>95,402,267</b>	<b>81,206,411</b>	<b>84,267,473</b>
<b>PROGRAM REVENUES:</b>						
Governmental activities:						
Charges for services:						
General government.....	981,806	994,031	1,005,818	1,145,877	1,800,808	1,154,455
Public safety.....	651,684	864,981	717,495	784,725	762,533	876,316
Public works.....	164,944	174,740	177,137	266,067	339,911	41,885
Culture and recreation.....	599,630	563,289	554,137	500,184	527,920	403,708
Health and welfare.....	292,526	327,637	239,590	214,861	217,931	171,728
Education.....	1,677,875	1,817,360	709,799	848,760	858,575	687,627
Operating grants and contributions.....	26,793,155	27,083,953	27,325,227	33,285,847	23,416,379	27,894,969
Capital grants and contributions.....	4,791,019	1,924,549	508,202	462,595	560,949	1,795,969
Total Governmental activities program revenues.....	35,952,639	33,750,540	31,237,405	37,508,916	28,485,006	33,026,657
Business-type activities:						
WPCA.....						506,057
<b>TOTAL PROGRAM REVENUES.....</b>	<b>35,952,639</b>	<b>33,750,540</b>	<b>31,237,405</b>	<b>37,508,916</b>	<b>28,485,006</b>	<b>33,532,714</b>

(Continued)

**TABLE 2**  
(2 of 2)

**TOWN OF EAST HAVEN, CONNECTICUT**

CHANGES IN NET ASSETS  
LAST SIX YEARS  
(UNAUDITED)

	FISCAL YEAR					
	2011	2010	2009	2008	2007	2006
NET REVENUE (EXPENSES):						
Governmental activities.....	\$ (56,687,832)	\$ (61,704,680)	\$ (64,820,036)	\$ (57,893,351)	\$ (52,721,405)	\$ (50,292,654)
Business-type activities.....						(442,105)
TOTAL NET EXPENSES.....	(56,687,832)	(61,704,680)	(64,820,036)	(57,893,351)	(52,721,405)	(50,734,759)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:						
Governmental activities:						
Property taxes.....	61,534,772	51,739,961	50,750,056	49,901,476	47,962,038	47,714,546
Grants and contributions not restricted to specific programs.....	924,343	956,185	1,671,362	1,203,035	1,442,446	2,540,442
Investment income.....	378,759	270,295	(316,533)	407,672	1,217,950	799,589
Gain on sale of assets.....	1,672,168					6,403
Miscellaneous.....	293,075	595,559	1,022,800	68,023	48,256	
Transfers.....						1,851,825
Total Governmental activities revenues.....	64,803,117	53,562,000	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.....	64,803,117	53,562,000	53,127,685	51,580,206	50,670,690	58,393,029
CHANGE IN NET ASSETS:						
Governmental activities.....	8,115,285	(8,142,680)	(11,692,351)	(6,313,145)	(2,050,715)	2,620,151
Business-type activities.....						5,038,119
TOTAL CHANGE IN NET ASSETS.....	\$ 8,115,285	\$ (8,142,680)	\$ (11,692,351)	\$ (6,313,145)	\$ (2,050,715)	\$ 7,658,270

(Concluded)

TABLE 3

## TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF DEBT LIMITATION  
FOR THE YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

Total tax collections (including interest and lien fees) for current year.....	\$ 60,556,320
Reimbursement for revenue loss on:	
Tax relief for elderly freeze.....	14,169
BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$ 60,570,489</u>

	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
DEBT LIMITATION:					
2 1/4 times base.....	\$ 136,283,600	\$	\$	\$	\$
4 1/2 times base.....		272,567,201			
3 3/4 times base.....			227,139,334		
3 1/4 times base.....				196,854,089	
3 times base.....					181,711,467
TOTAL DEBT LIMITATION.....	136,283,600	272,567,201	227,139,334	196,854,089	181,711,467
INDEBTEDNESS:					
Bonds payable.....	24,731,450	21,568,550	1,800,000		
Bond anticipation notes payable.....		4,000,000			
Less: School building grants.....		(9,659,896)			
NET INDEBTEDNESS (1).....	24,731,450	15,908,654	1,800,000	-	-
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....	<u>\$ 111,552,150</u>	<u>\$ 256,658,547</u>	<u>\$ 225,339,334</u>	<u>\$ 196,854,089</u>	<u>\$ 181,711,467</u>

(1) The total of the above net indebtedness amounts to: \$ 42,440,104

In no event shall total indebtedness exceed seven times the base for debt limitation computation. \$ 423,993,423

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

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**FEDERAL SINGLE AUDIT**

**AND**

**STATE SINGLE AUDIT**

**OF THE**

**TOWN OF EAST HAVEN, CONNECTICUT**

*FOR THE YEAR ENDED*  
*JUNE 30, 2011*

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**TOWN OF EAST HAVEN, CONNECTICUT**

FEDERAL SINGLE AUDIT  
AND  
STATE SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011

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# **Federal Single Audit**

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**TOWN OF EAST HAVEN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through State Department of Education:			
School Breakfast Program.....	10.553	12060-20508-82079-2011-170005	\$ 82,902
School Breakfast Program.....	10.553	12060-20508-82079-2010-170005	7,323
National School Lunch Program.....	10.555	12060-20560-82079-2011-170005	498,128
National School Lunch Program.....	10.555	12060-20560-82079-2010-170005	46,463
National School Lunch Program - Commodities.....	10.555		76,448
School Milk Program for Children.....	10.556	12060-20500-82079-2011-170005	3,765
TOTAL U.S. DEPARTMENT OF AGRICULTURE.....			715,029
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed through State Department of Transportation:			
Highway Planning & Construction.....	20.205		992,667
Alcohol Traffic Safety Grant.....	20.601		21,624
Safety Belt Performance Grant.....	20.609		2,500
TOTAL U.S. DEPARTMENT OF TRANSPORTATION.....			1,016,791
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Passed through State Department of Economic and Community Development:			
Community Development Block Grants/Small Cities Program.....	14.228		234,300
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed through State Department of Education:			
Adult Education - Basic Grants to States.....		12060-20784-84002-2010-170015	11,034
Adult Education - Basic Grants to States.....		12060-20784-84002-2011-170015	32,047
TOTAL ADULT EDUCATION - BASIC GRANTS TO STATES.....	84.002		43,081
Title I Cluster:			
Title I Grants to Local Educational Agencies .....	84.010	12060-20679-82070-2010-170002	55,811
Title I Grants to Local Educational Agencies .....	84.010	12060-20679-82070-2011-170002	660,267
ARRA - Title I Grants to Local Educational Agencies, Recovery Act .....	84.389	12060-29010-82070-2009-170002	121,279
TOTAL TITLE I CLUSTER.....			837,357
Special Education - Cluster:			
Special Education - Preschool Grants.....	84.173	12060-20983-82032-2011-170002	37,182
Special Education - Grants to States.....	84.027	12060-20977-82032-2010-170002	379,613
Special Education - Grants to States.....	84.027	12060-20977-82032-2011-170002	335,637
TOTAL SPECIAL EDUCATION - GRANTS TO STATES.....			752,432
ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act.....	84.391	12060-29011-82032-2009-170002	371,985
ARRA - Special Education - Preschool Grants (IDEA Preschool), Recovery Act.....	84.392	12060-29012-82032-2009-170002	23,248
TOTAL SPECIAL EDUCATION - CLUSTER.....			1,147,665

(Continued)

**TOWN OF EAST HAVEN, CONNECTICUT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Career and Technical Education - Basic Grants to States.....	84.048	12060-20742-84010-2012-170002	\$ 59,609
ARRA - State Fiscal Stabilization Fund (SFSF) - Educational State Grants, Recovery Act.....	84.394	12060-29054-82010-2009-170002	2,676,984
Safe and Drug-Free Schools and Communities - State Grants.....	84.186	12060-20873-84131-2010-170002	126
ARRA - Title II, Part D, Education Technology - State Grants, Recovery Act.....	84.386	12060-29063-82079-2009-170002	12,004
ARRA - Title II, Part D, Education Technology - State Grants, Recovery Act.....	84.386	12060-29063-82079-2009-170003	35,864
TOTAL EDUCATION TECHNOLOGY STATE GRANTS.....			47,868
English Language Acquisition Grants.....		12060-20868-82075-2011-170002	2,949
English Language Acquisition Grants.....		12060-20868-82075-2010-170002	6,286
TOTAL ENGLISH LANGUAGE ACQUISITION GRANTS.....	84.365		9,235
Improving Teacher Quality State Grants.....		12060-20858-84131-2010-170002	5,240
Improving Teacher Quality State Grants.....		12060-20858-84131-2011-170002	118,929
TOTAL IMPROVING TEACHER QUALITY STATE GRANTS.....	84.367		124,169
Education Jobs Fund.....	84.410	12060-22105-82010-2001-17002	97,151
TOTAL U.S. DEPARTMENT OF EDUCATION.....			5,043,245
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through State Department Emergency & Homeland Security:			
Emergency Management Performance Grants.....	97.042		12,750
Severe Loss Repetitive Program.....	97.110		1,243,131
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY.....			1,255,881
TOTAL FEDERAL AWARDS.....			\$ 8,265,246

(Concluded)

**TOWN OF EAST HAVEN, CONNECTICUT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of East Haven, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to federal awards:

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting and a current financial resources measurement focus. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

**2. NONCASH FEDERAL AWARDS**

The Town received and expended \$76,448 of USDA donated commodities under the National School Lunch Program.

**TOWN OF EAST HAVEN, CONNECTICUT**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

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Summary Schedule of Prior Audit **Financial Statement** Findings

Finding 2008-1

Condition:

The bank reconciliations for the Board of Education bank accounts were not reconciled in a regular and timely manner during the year.

Current Status:

Finding has **not** been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

Finding 2008-2

Condition:

Certain journal entries, cash receipts and cash disbursements were not posted timely in the general ledger for certain Board of Education accounts.

Current Status:

Finding has been adequately addressed.

Finding 2008-3

Condition:

The bank reconciliations for the Board of Education's Education Grants and School Lunch bank accounts were not reconciled in a regular and timely manner during the year.

Current Status:

Finding has been adequately addressed.

Finding 2008-4

Condition:

Certain journal entries, cash receipts and cash disbursements were not posted timely in the general ledger for the Board of Education's Education Grants and School Lunch funds.

Current Status:

Finding has been adequately addressed.

TOWN OF EAST HAVEN, CONNECTICUT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

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Summary Schedule of Prior Audit **Federal Award** Findings

Finding 2008-5

Condition:

The bank reconciliations for the Board of Education's Education Grants and School Lunch bank accounts were not reconciled in a regular and timely manner during the year.

Current Status:

Finding has been adequately addressed.

Finding 2008-6

Condition:

Certain journal entries, cash receipts and cash disbursements were not posted timely in the general ledger for the Board of Education's Education Grants and School Lunch funds.

Current Status:

Finding has been adequately addressed.

Finding 2009-1

Condition:

Excess monies were drawn down by the Board of Education for the certain federally funded education grants during the fiscal year.

Current Status:

Finding has **not** been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?   x   yes        no

Significant deficiency(ies) identified?   x   yes        none reported

Noncompliance material to financial statements noted?        yes   x   no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?        yes   x   no

Significant deficiency(ies) identified?        yes   x   none reported

Type of auditors' report issued on compliance  
for major programs: Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section .510(a)?   x   yes        no

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>	<u>EXPENDITURES</u>
10.553/10.555/10.556	Child Nutrition Cluster	\$ 715,029
20.205	Highway Planning & Construction	992,667
84.010/84.389	Title I Grants to Local Educational Agencies	837,357
84.027/84.173/84.391/84.392	Special Education Cluster	1,147,665
84.394	ARRA - State Fiscal Stabilization Fund (SFSF)	
	- Education State Grants, Recovery Act	2,676,984
97.110	Severe Loss Repetitive Program	1,243,131

Dollar threshold used to distinguish  
between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?        yes   x   no

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

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II - FINANCIAL STATEMENT FINDINGS

Findings

2008-1 Bank Reconciliations - General Fund:

Condition

The bank reconciliations for the Board of Education operating and payroll bank accounts were not reconciled in a regular and timely manner during the year.

Criteria

Effective internal control over cash requires monthly reconciliations to be performed on a timely basis.

Questioned Cost

There were no questioned costs.

Context

The deficiency was identified during the fiscal year.

Effect

All transactions and activity were not recorded on a timely basis and, therefore, general ledger cash balances were not reconciled to the bank statement.

Cause

The cause is unknown.

Recommendation

We recommend that bank reconciliations be performed on a monthly basis within thirty days of month end and that balances are agreed and reconciled to the general ledger.



TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

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II - FINANCIAL STATEMENT FINDINGS

Findings

2011-1    Recording of Year End Accounts Payable:

Condition

Expenditures in the Town Capital Projects Fund that occurred at year end were not recorded in the proper fiscal year.

Criteria

The Town should perform a review at year end for Capital Projects Fund expenditures to ensure that payables are being properly recorded. Effective internal controls are such that the design or operation of a control allows management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

Context

Five out of fourteen subsequent disbursements for the Capital Projects Fund were not properly recorded.

Effect

The Town Capital Projects Fund expenditures and year end accounts payable balances were misstated (underreported) at the end of the fiscal year.

Cause

The transactions were not posted timely due to the timing of receipt of the invoices.

Recommendation

We recommend the Town establish a policy for reviewing ongoing capital projects at year end to ensure all financial activity is accurately and timely recorded in the general ledger for proper recording in the financial statements.

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

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III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding

2009-1 Cash Management - Certain Federally Funded Education Grants:

Condition

Excess monies were drawn down by the Board of Education for certain federally funded Education grants during the fiscal year.

Criteria

Federal cash management regulations require that only immediate cash requirements should be drawn down by the grantee.

Questioned Costs

There were no questioned costs.

Context

In the current and prior years, the deficiency occurred in the last two months of the fiscal year in which the balance of the grant award was drawn down.

Effect

Amounts were drawn down in excess of immediate cash requirements.

Cause

The cause is due to the Board of Education requesting funds from these programs without an adequate process and analysis of the actual amount of monies needed to pay immediate amounts due.

Recommendation

We recommend that all cash drawn down requests be based upon actual immediate cash needed in accordance with Federal regulations.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Town Council  
Town of East Haven, Connecticut

We have audited the 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, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 3, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (Finding 2008-1).

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency (Finding 2011-1).

Town of East Haven, Connecticut  
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Town in a separate letter dated January 3, 2012.

This report is intended solely for the information and use of management, the Town Council, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*J H Cohn, LLP*

Farmington, Connecticut  
January 3, 2012



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Town Council  
Town of East Haven, Connecticut

Compliance

We have audited the Town of East Haven, Connecticut's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2011. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2009-1.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

Town of East Haven, Connecticut  
Page Two

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 3, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of management, the Town Council, others within the entity, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Farmington, Connecticut  
January 3, 2012



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# State Single Audit

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**TOWN OF EAST HAVEN, CONNECTICUT**

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2011

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	STATE GRANT PROGRAM CORE CT NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<b><u>DEPARTMENT OF EDUCATION:</u></b>			
School Readiness and Child Care in Competitive Grant Municipalities.....	11000-SDE64000-12113	11000-12113-82079-2011-170003	\$ 106,000
Healthy Food Certification.....	11000-SDE64000-16072	11000-16072-82010-2011-170005	31,109
Child Nutritional Program (School Lunch State Match).....	11000-SDE64000-16072	11000-16072-82051-2011-170005	14,274
Family Resource Centers.....	11000-SDE64000-16110	11000-16110-82079-2011-170003	97,000
Adult Education.....	11000-SDE64000-17030	11000-17030-84002-2011-170013	479,572
Health Services.....	11000-SDE64000-17034	11000-17034-82010-2011-170006	25,093
School Breakfast.....	11000-SDE64000-17046	11000-17046-82057-2011	27,000
School Breakfast.....	11000-SDE64000-17046	11000-17046-82058-2011	2,470
Youth Services Bureau Enhancement.....	11000-SDE64000-16201	11000-16201-82079-2009-170002	6,250
Youth Services Bureau.....	11000-SDE64000-17052	11000-17052-82079-2009-170002	22,073
Magnet School Transportation.....	11000-SDE64000-17057	11000-17057-82061-2009	6,500
<b><u>DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES</u></b>			
Passed through Harbor Health Services, Inc.: Managed Service System.....	11000-MHA53000-12157		80,860
<b><u>DEPARTMENT OF TRANSPORTATION:</u></b>			
Town Aid Road Grants (Municipal) - Transportation Fund.....	12052-DOT57000-43455		53,873
Town Aid Road Grants (STO) - Transportation Fund.....	13033-DOT57000-43459		148,151
<b><u>DEPARTMENT OF PUBLIC SAFETY:</u></b>			
State Assets Forfeiture Revolving Fund.....	12060-DPS32155-35142		2,922
State Assets Forfeiture Revolving Fund.....	12060-DPS32155-35142		5,276
Telecommunications Fund.....	12060-DPS32741-35190		2,630
<b><u>DIVISION OF SPECIAL REVENUE:</u></b>			
Payments to Municipalities - Parimutuels.....	34004-DSR18307-29109		57,449
<b><u>OFFICE OF POLICY AND MANAGEMENT:</u></b>			
Property Tax Relief for Elderly and Totally Disabled Homeowners.....	11000-OPM20600-17018		321,958
Property Tax Relief for Totally Disabled Homeowners.....	11000-OPM20600-17011		5,124
Property Tax Relief for Elderly Homeowners - Freeze Program.....	11000-OPM20600-17021		14,169
Property Tax Relief for Veterans.....	11000-OPM20600-17024		82,612
Property Tax Relief for Manufacturing Machinery and Equipment and Commercial Vehicles.....	11000-OPM20600-17031		62,435
Local Capital Improvement Program.....	12050-OPM20600-40254		241,643
Municipal Video Competition Trust Acct Grant.....	12060-35362-2008-13046		17,884
<b><u>CONNECTICUT STATE LIBRARY:</u></b>			
State Grants to Public Libraries.....	11000-CSL66051-17003		2,516
Connecticard.....	11000-CSL66051-17010		7,126
Historical Preservation Grant.....	12060-CSL66094-35150		6,000
Construction Grants to Public Libraries.....	12052-CSL66051-42562		122,744
<b><u>OFFICE OF STATE COMPTROLLER:</u></b>			
Payment in Lieu of Taxes (PILOT) on State Owned Property.....	11000-OSC15910-17004		224,678
Boat Grant.....	12027-OSC15910-40211		6,948
TOTAL STATE ASSISTANCE BEFORE EXEMPT PROGRAMS.....			2,284,339

(Continued)

**TOWN OF EAST HAVEN, CONNECTICUT**

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2011

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	STATE GRANT PROGRAM CORE CT NUMBER	STATE PROJECT NUMBER	EXPENDITURES
EXEMPT PROGRAMS:			
<u>DEPARTMENT OF EDUCATION:</u>			
Public School Transportation.....	11000-SDE64000-17027	11000-17027-82010-2011-170005	\$ 35,675
Equalization Cost Sharing.....	11000-SDE64000-17041	11000-17041-82010-2011-170002	16,047,209
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82016-2011	164,591
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82016-2011	159,289
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82018-2011	398,354
Special Education: Excess Costs Student Based and Equity.....	11000-SDE64000-17047	11000-17047-82019-2011	21,619
Nonpublic School Transportation.....	11000-SDE64000-17049	11000-17049-82010-2011-170006	268,244
School Construction Project - Interest.....	13009-SDE64000-40896	13009-40896-82004-2010-170063	185,100
School Construction Project - Interest.....	13009-SDE64000-40896	13009-40896-82004-2011-170063	261,479
School Construction Project - Principal.....	13010-SDE64000-40901	13010-40901-82003-2010-170001	1,617,356
School Construction Project - Principal.....	13010-SDE64000-40901	13010-40901-82003-2011-170001	68,562
School Construction Project - Progress Payments.....	13010-SDE64000-40901	13010-40901-82006-2010-170001	1,100,047
<u>OFFICE OF STATE COMPTROLLER:</u>			
Mashantucket Pequot/Mohegan Fund.....	12009-OSC15910-17005		<u>155,918</u>
TOTAL EXEMPT PROGRAMS.....			<u>20,483,443</u>
TOTAL STATE FINANCIAL ASSISTANCE.....			<u>\$ 22,767,782</u>

(Concluded)

**TOWN OF EAST HAVEN, CONNECTICUT**

**NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2011**

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Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of East Haven through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including general government, public safety, public works, culture and recreation, health and welfare, and education.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of East Haven, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to State financial assistance:

**Basis of Presentation**

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the modified accrual basis of accounting and a current financial resources measurement focus.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**TOWN OF EAST HAVEN, CONNECTICUT**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

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Summary Schedule of Prior Audit **Financial Statement** Findings

Finding 2008-1

Condition:

The bank reconciliations for the Board of Education operating and payroll bank accounts were not reconciled in a regular and timely manner during the year.

Current Status:

Finding has **not** been adequately addressed and is repeated in the Schedule of Findings and Questioned Costs.

Finding 2008-2

Condition:

Certain journal entries, cash receipts and cash disbursements were not posted timely in the general ledger for certain Board of Education accounts.

Current Status:

Finding has been adequately addressed.

Finding 2008-3

Condition:

The bank reconciliations for the Board of Education's Education Grants and School Lunch bank accounts were not reconciled in a regular and timely manner during the year.

Current Status:

Finding has been adequately addressed.

Finding 2008-4

Condition:

Certain journal entries, cash receipts and cash disbursements were not posted timely in the general ledger for the Board of Education's Education Grants and School Lunch funds.

Current Status:

Finding has been adequately addressed.

**TOWN OF EAST HAVEN, CONNECTICUT**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Summary Schedule of Prior Audit Federal Award Findings**

**Finding 2008-5**

**Condition:**

The bank reconciliations for the Board of Education's Education Grants and School Lunch bank accounts were not reconciled in a regular and timely manner during the year.

**Current Status:**

Finding has been adequately addressed.

**Finding 2008-6**

**Condition:**

Certain journal entries, cash receipts and cash disbursements were not posted timely in the general ledger for the Board of Education's Education Grants and School Lunch funds.

**Current Status:**

Finding has been adequately addressed.

**TOWN OF EAST HAVEN, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?   x   yes        no  
Significant deficiency(ies) identified?   x   yes        none reported

Noncompliance material to financial statements noted?        yes   x   no

**State Financial Assistance**

Internal control over major programs:

Material weakness(es) identified?        yes   x   no  
Significant deficiency(ies) identified?        yes   x   none reported

Type of auditors' report issued on compliance  
for major programs: Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with Section  
4-236-24 of the Regulations of the  
State Single Audit Act        yes   x   no

The following schedule reflects the major programs included in the audit:

Dollar threshold used to distinguish between Type A and Type B programs: \$ 200,000

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
DEPARTMENT OF EDUCATION:		
Adult Education	11000-SDE64000-17030	\$ 479,572
DEPARTMENT OF TRANSPORTATION:		
Town Aid Road Grants (Municipal)	12052-DOT57000-43455	53,873
Town Aid Road Grants (STO)	13033-DOT57000-43459	148,151
OFFICE OF POLICY AND MANAGEMENT:		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	321,958
Local Capital Improvement Program	12050-OPM20600-40254	241,643
OFFICE OF STATE COMPTROLLER:		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	224,678

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

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II. FINANCIAL STATEMENT FINDINGS

Findings

2008-1 Bank Reconciliations - General Fund:

Condition

The bank reconciliations for the Board of Education operating and payroll bank accounts were not reconciled in a regular and timely manner during the year.

Criteria

Effective internal control over cash requires monthly reconciliations to be performed on a timely basis.

Questioned Cost

There were no questioned costs.

Context

The deficiency was identified during the fiscal year.

Effect

All transactions and activity were not recorded on a timely basis and, therefore, general ledger cash balances were not reconciled to the bank statement.

Cause

The cause is unknown.

Recommendation

We recommend that bank reconciliations be performed on a monthly basis within thirty days of month end and that balances are agreed and reconciled to the general ledger.

TOWN OF EAST HAVEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

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II - FINANCIAL STATEMENT FINDINGS

Findings

2011-1 Recording of Year End Accounts Payable:

Condition

Expenditures in the Town Capital Projects Fund that occurred at year end were not recorded in the proper fiscal year.

Criteria

The Town should perform a review at year end for Capital Projects Fund expenditures to ensure that payables are being properly recorded. Effective internal controls are such that the design or operation of a control allows management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

Context

Five out of fourteen subsequent disbursements for the Capital Projects Fund were not properly recorded.

Effect

The Town Capital Projects Fund expenditures and year end accounts payable balances were misstated (underreported) at the end of the fiscal year.

Cause

The transactions were not posted timely due to the timing of receipt of the invoices.

Recommendation

We recommend the Town establish a policy for reviewing ongoing capital projects at year end to ensure all financial activity is accurately and timely recorded in the general ledger for proper recording in the financial statements.



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Town Council  
Town of East Haven, Connecticut

We have audited the 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, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 3, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that are considered to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (Finding 2008-1).

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questions costs to be a significant deficiency (Finding 2011-1).

Town of East Haven, Connecticut  
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Town in a separate letter dated January 3, 2012.

This report is intended solely for the information and use of management, the Town Council, others within the entity, the Office of Policy and Management, State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*J H Cohn LLP*

Farmington, Connecticut  
January 3, 2012

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT

Town Council  
Town of East Haven, Connecticut

Compliance

We have audited the Town of East Haven, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended June 30, 2011. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the Town's internal control over compliance.



Town of East Haven, Connecticut

Page Two

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 3, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of management, the Town Council, others within the entity, the Office of Policy and Management, State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Farmington, Connecticut  
January 3, 2012