

TOWN OF EAST HADDAM, CONNECTICUT

JUNE 30, 2009

TOWN OF EAST HADDAM, CONNECTICUT

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-9

Exhibit

Basic Financial Statements:		
Government-Wide Financial Statements:		
I	Statement of Net Assets	10
II	Statement of Activities	11
Fund Financial Statements:		
Governmental Funds:		
III	Balance Sheet	12-13
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	14-15
Proprietary Funds:		
V	Statement of Net Assets	16
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets	17
VII	Statement of Cash Flows	18
Fiduciary Funds:		
VIII	Statement of Fiduciary Net Assets	19
IX	Statement of Changes in Plan Net Assets - Pension Trust Funds	20
	Notes to Financial Statements	21-39
Required Supplementary Information:		
General Fund:		
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	40-41
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	42-44
Combining and Individual Fund Statements and Schedules:		
General Fund:		
A-1	Comparative Balance Sheet	45
A-2	Report of Tax Collector	46
Nonmajor Governmental Funds		
B-1	Combining Balance Sheet	47-49
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	50-52
Agency Funds:		
C	Statement of Changes in Assets and Liabilities	53

Schedule

Supplemental Schedules:		
1	Statement of Debt Limitation	54
2	Bond Payment Schedule	55

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Independent Auditors' Report

To the Board of Finance
Town of East Haddam
East Haddam, 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 Haddam, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of East Haddam, Connecticut'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Haddam, Connecticut, as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2009 on our consideration of the Town of East Haddam, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance

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and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 40 through 44 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town East Haddam, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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 and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Blum, Shapiro & Company, P.C.

October 31, 2009

TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

This discussion and analysis of the Town of East Haddam, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2009. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- Net assets of our governmental activities decreased by \$2 million, or 3.16%, the decrease is substantially attributed to significant decreases in investment fund balances. It should be noted that the A.E. Purple Fund and William Palmer Fund reflect a combined loss of \$1.7 million as a result of market changes.
- During the year, the Town had expenses that were \$2 million more than the \$29 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$31 million.
- The General Fund reported a fund balance this year of \$6.1 million, which represents 20.3% of general fund expenditures and transfers out.
- The resources available for appropriation were \$232 thousand less than budgeted for the General Fund. The Town experienced lower than anticipated local revenue, especially in the areas of Tax Collection, Conveyance Taxes and Town Clerk Fees. Expenditures were kept within spending limits.
- The Town's outstanding debt decreased by \$1.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. The Town's net assets, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its

financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net assets and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, public safety, public works, health and welfare, recreation and leisure and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. The Town establishes many funds to help control and manage financial activities for particular purposes or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State Department of Education). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation included in the fund financial statements.
- *Proprietary Funds (Exhibits V, VI, and VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. Internal service funds (the component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities - such as the Town's Board of Education Insurance Internal Service Fund.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's net assets from a year ago decreased from \$65,990,909 to \$63,903,984. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

**TABLE 1
NET ASSETS**

	Governmental Activities	
	2009	2008
Current and other assets	\$ 21,196,130	\$ 28,184,684
Capital assets	68,864,785	66,621,809
Total assets	<u>90,060,915</u>	<u>94,806,493</u>
Long-term debt outstanding	20,027,826	21,411,255
Other liabilities	6,129,105	7,404,329
Total liabilities	<u>26,156,931</u>	<u>28,815,584</u>
Net assets:		
Invested in capital assets, net of debt	47,581,880	43,830,231
Restricted	440,990	440,990
Unrestricted	<u>15,881,114</u>	<u>21,719,688</u>
Total Net Assets	<u>\$ 63,903,984</u>	<u>\$ 65,990,909</u>

- Net assets of the Town's governmental activities decreased by 3.16%. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$21,719,688 at June 30, 2009 to \$15,881,114 at the end of this year. The decrease is substantially attributed to significant decreases in investment balances. It should be noted that the A.E. Purple Fund and William Palmer Fund reflected a combined loss of \$1.7 million as a result of market changes. The component "invested in capital assets net of debt" increased by \$3,751,649. A significant amount of this increase was due to the ongoing construction of the new 4-8 Middle School.

**TABLE 2
CHANGE IN NET ASSETS**

	Governmental Activities	
	2009	2008
Revenues:		
Program revenues:		
Charges for services	\$ 1,129,972	\$ 1,131,595
Operating grants and contributions	7,187,395	11,793,791
Capital grants and contributions	1,198,458	11,983,509
General revenues:		
Property taxes	20,189,531	19,667,047
Grants and contributions not restricted to specific purposes	134,141	165,488
Unrestricted investment earnings	(935,794)	390,568
Other general revenues	151,719	128,716
Total revenues	<u>29,055,422</u>	<u>45,260,714</u>
 Program expenses:		
General government	2,267,709	2,331,654
Public safety	830,983	811,355
Public works	2,714,822	2,782,116
Health and welfare	309,187	314,870
Recreation and leisure	473,319	395,321
Education	23,696,359	24,959,935
Interest on long-term debt	849,968	980,984
Total program expenses	<u>31,142,347</u>	<u>32,576,235</u>
 Increase in Net Assets	<u>\$ (2,086,925)</u>	<u>\$ 12,684,479</u>

The Town's total revenues were \$29,055,422. The total cost of all programs and services was \$31,142,347. Our analysis below considers the operations of governmental activities.

Governmental Activities

Approximately 69.49% of the revenues were derived from property taxes, followed by 24.74% from operating grants and contributions, then 4.12% from capital grants and contributions. Major revenue factors included:

- Property tax revenues recorded for fiscal year 2009 reflect an increase in the original tax levy of 3.23% over the previous year. It should be noted that fiscal year 2008 was a revaluation year. The mill rate for fiscal year 2008 was 27.78. The mill rate for fiscal year 2009 was 20.55.
- The Town's capital grants and contributions decreased from \$11,983,509 to \$1,198,458, mostly due to the completion of the construction of the new 4-8 Middle School.
- The Town's operating grants and contributions decreased \$4.6 million as a result of a decrease in the State of Connecticut contribution on behalf of the State Teachers' Retirement Fund.

For Governmental Activities, 76.09% of the Town's expenditures relate to education, 8.72% relate to public works and 7.28% to general government.

Reductions in expenditures reflect the Town’s caution and prudence during difficult economic times. It should be noted that Board of Education expenditures were under budget by \$83,413. State of Connecticut funding to the Board of Education for Educational Cost Sharing was reduced by \$71,729. The Town has provided for carryforward appropriations in the amount of \$939,727.

Governmental Activities

Table 3 presents the cost of each of the Town’s largest programs - general government, public safety, public works, health and welfare, recreation and leisure and education - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General government	\$ 2,267,709	\$ 2,331,654	\$ 1,889,088	\$ 1,453,025
Public safety	830,983	811,355	808,673	791,647
Public works	2,714,822	2,782,116	1,892,094	2,291,939
Health and welfare	309,187	314,870	106,297	258,675
Recreation and leisure	473,319	395,321	294,411	343,411
Education	23,696,359	24,959,935	15,838,414	1,613,383
Other	849,968	980,984	797,545	915,260
Totals	<u>\$ 31,142,347</u>	<u>\$ 32,576,235</u>	<u>\$ 21,626,522</u>	<u>\$ 7,667,340</u>

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$13,919,912, which is a decrease from last year’s total of \$19,372,263. Included in this year’s total change in fund balance is a decrease of \$730,249 in the Town’s General Fund. The primary reason for the General Fund’s decrease was the reliance on fund balance in the amount of \$577,000 in the 2008-2009 fiscal year budget, as well a special appropriation in the amount of \$313,000 for the Powerhouse Road project and a special appropriation of \$205,500 to the Middle School Conversion Committee to implement a three-phased process for the design and construction of municipal offices in the former Nathan Hale Ray Middle School as follows: Phase I - Conceptual Study/Design, Schematic Design/Development, Cost Estimate - \$64,000, Phase II - Design Development, Construction Documentation, Bidding Services - \$99,500 and Phase III - Project Administration - \$42,000.

Significant fund balance changes should be noted as follows: the A.E. Purple Fund reflects a decrease of \$1,633,804 as a result of market changes, and the 4-8 Middle School Construction Fund went from an equity balance of \$650,312 to a deficit balance of \$2,699,048 until permanent financing for the project is obtained.

General Fund Budgetary Highlights

During the 2008-2009 fiscal year, the Town was able to earn more than twice the interest income budgeted due to the prudent investment management of the Town Treasurer.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the Town had \$68.8 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment and roads (see Table 4). The increase (including additions and deductions) of \$2.2 million is 3.37% over last year.

**TABLE 4
CAPITAL ASSETS, Net of Depreciation
(In Thousands)**

	Governmental Activities	
	2009	2008
Land	\$ 3,256	\$ 3,005
Building and improvements	50,855	20,716
Furniture and equipment	3,079	2,343
Infrastructure	11,622	10,602
Construction in progress	53	29,956
Totals	<u>\$ 68,865</u>	<u>\$ 66,622</u>

This year’s major additions included (not rounded):

4-8 Middle School project completion	\$ 1,328,807
4-8 Middle School Furniture and equipment	916,131
Powerhouse Road project	855,865
Installation of ventilation systems at the Elementary School	156,950

More detailed information about the Town’s capital assets is presented in Note 1 and Note 5 to the financial statements.

**TABLE 5
OUTSTANDING DEBT, AT YEAR END**

	Governmental Activities	
	2009	2008
General obligation bonds	\$ 18,344,869	\$ 19,771,374
Notes payable	<u>575,239</u>	<u>657,417</u>
Total	<u>\$ 18,920,108</u>	<u>\$ 20,428,791</u>

At June 30, 2009, the Town had \$18,920,108 in bonds and notes outstanding versus \$20,428,791 last year.

The State limits the amount of general obligation debt that towns can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$141.0 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal year 2009 budget tax rates. The ongoing long-range capital improvement and debt service plan is a major factor in determining the amount the Town needs to set aside for future spending needs. The officials, in planning for the 2009-10 budget, held reserves, with no increase or decrease to current levels. The officials took into account future municipal needs when determining the level of spending it could support.

These indicators were also taken into account when adopting the General Fund budget for 2009-10. In addition when planning for the 2009-10 budget the Town anticipated lower state, federal and local revenue and as a result reduced the amount of spending budgeted from the prior fiscal year. Amounts available for appropriation in the General Fund budget are \$27,474,063, a decrease of 6.93% over the final 2009 budget of \$28,139,913. Property taxes reflect a budgeted decrease of \$123,274 for a final budget of \$19,983,456. The Town realized no mill rate increase for the 2009-10 fiscal year as a result of planning for reduced expenditures and revenues; the mill rate remained unchanged at 20.55.

It should be noted that the 2009-10 budget provides for no wage increases for General Government employees, both nonunionized and those represented by collective bargaining.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, 7 Main Street, East Haddam, Connecticut 06423.

TOWN OF EAST HADDAM, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2009

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 13,218,390
Investments	5,893,004
Receivables, net	2,083,313
Inventory	1,423
Capital assets not being depreciated	3,308,675
Capital assets being depreciated, net	65,556,110
Total assets	<u>90,060,915</u>
Liabilities:	
Accounts and other payables	1,415,025
Unearned revenue	80,962
Bond anticipation notes	4,540,000
Deferred credits	93,118
Noncurrent liabilities:	
Due within one year	1,929,515
Due in more than one year	18,098,311
Total liabilities	<u>26,156,931</u>
Net Assets:	
Invested in capital assets, net of related debt	47,581,880
Restricted for:	
Nonexpendable	440,990
Unrestricted	15,881,114
Total Net Assets	<u>\$ 63,903,984</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HADDAM, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 2,267,709	\$ 371,621	\$ 7,000	\$	\$ (1,889,088)
Public safety	830,983	22,310			(808,673)
Public works	2,714,822	209,041	257,760	355,927	(1,892,094)
Health and welfare	309,187		53,344	149,546	(106,297)
Recreation and leisure	473,319	178,908			(294,411)
Education	23,696,359	348,092	6,816,868	692,985	(15,838,414)
Interest on long-term debt	849,968		52,423		(797,545)
Total	<u>\$ 31,142,347</u>	<u>\$ 1,129,972</u>	<u>\$ 7,187,395</u>	<u>\$ 1,198,458</u>	<u>(21,626,522)</u>
General revenues:					
Property taxes					20,189,531
Grants and contributions not restricted to specific programs					134,141
Unrestricted net investment losses					(935,794)
Other					151,719
Total general revenues					<u>19,539,597</u>
Change in net assets					(2,086,925)
Net Assets at Beginning of Year					<u>65,990,909</u>
Net Assets at End of Year					<u>\$ 63,903,984</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HADDAM, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>Reserve for Capital Projects</u>	<u>Middle School</u>	<u>A.E. Purple Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 6,717,411	\$ 3,434,285	\$ 2,045,660	\$ 71,070	\$ 909,082	\$ 13,177,508
Investments	37,396			4,986,301	869,307	5,893,004
Receivables, net	2,061,247				22,066	2,083,313
Due from other funds	451,629	514,580		10,303	212,932	1,189,444
Inventories					1,423	1,423
Total Assets	<u>\$ 9,267,683</u>	<u>\$ 3,948,865</u>	<u>\$ 2,045,660</u>	<u>\$ 5,067,674</u>	<u>\$ 2,014,810</u>	<u>\$ 22,344,692</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 1,082,297	\$	\$ 80,000	\$	\$ 152,897	\$ 1,315,194
Due to other funds	737,815		124,708		326,921	1,189,444
Deferred revenue	1,302,237				77,905	1,380,142
Bond anticipation notes payable			4,540,000			4,540,000
Total liabilities	<u>3,122,349</u>	<u>-</u>	<u>4,744,708</u>	<u>-</u>	<u>557,723</u>	<u>8,424,780</u>
Fund balances:						
Reserved				400,000	95,432	495,432
Unreserved, reported in:						
General Fund	6,145,334					6,145,334
Special Revenue Funds					1,255,954	1,255,954
Capital Project Funds		3,948,865	(2,699,048)		(36,015)	1,213,802
Permanent Funds				4,667,674	141,716	4,809,390
Total fund balances	<u>6,145,334</u>	<u>3,948,865</u>	<u>(2,699,048)</u>	<u>5,067,674</u>	<u>1,457,087</u>	<u>13,919,912</u>
Total Liabilities and Fund Balances	<u>\$ 9,267,683</u>	<u>\$ 3,948,865</u>	<u>\$ 2,045,660</u>	<u>\$ 5,067,674</u>	<u>\$ 2,014,810</u>	<u>\$ 22,344,692</u>

(Continued on next page)

TOWN OF EAST HADDAM, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2009

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:
 Amounts reported for governmental activities in the statement of net assets (Exhibit I) are
 different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 13,919,912
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Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 87,269,644	
Less accumulated depreciation	<u>(18,404,859)</u>	
Net capital assets		68,864,785

Other long-term assets are not available to pay for current-period
 expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	206,006
Interest receivable on property taxes	46,662
Loan receivables	13,000
Receivable from the state for school construction projects	1,033,512

Internal service funds are used by management to charge the costs of
 risk management to individual funds. The assets and liabilities of
 the internal service funds are reported with governmental activities
 in the statement of net assets.

	30,338
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Long-term 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	(18,940,239)
Interest payable on bonds and notes	(89,287)
Compensated absences	(973,387)
Bond premium	(93,118)
Deferred charges on refunding	20,131
Termination benefits	(108,980)
Net OPEB obligation	<u>(25,351)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 63,903,984</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF EAST HADDAM, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	General	Reserve for Capital Projects	Middle School	A.E. Purple Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 20,112,690	\$	\$	\$	\$	\$ 20,112,690
Intergovernmental	6,772,352		488,254		861,598	8,122,204
Charges for services	609,783				585,949	1,195,732
Income on investments	320,768	96,664	9,896		3,921	431,249
Decrease in fair value of investments				(1,304,685)	(62,420)	(1,367,105)
Miscellaneous	229,351		204,730		378,812	812,893
Total revenues	<u>28,044,944</u>	<u>96,664</u>	<u>702,880</u>	<u>(1,304,685)</u>	<u>1,767,860</u>	<u>29,307,663</u>
Expenditures:						
Current:						
General government	2,107,432				13,513	2,120,945
Public safety	697,597					697,597
Public works	1,826,316				167,147	1,993,463
Health and welfare	273,782				13,107	286,889
Recreation and leisure	313,610				113,361	426,971
Education	19,669,609			28,411	1,191,001	20,889,021
Debt service	2,361,928					2,361,928
Capital outlay	1,492,975		4,076,838		437,985	6,007,798
Total expenditures	<u>28,743,249</u>	<u>-</u>	<u>4,076,838</u>	<u>28,411</u>	<u>1,936,114</u>	<u>34,784,612</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(698,305)</u>	<u>96,664</u>	<u>(3,373,958)</u>	<u>(1,333,096)</u>	<u>(168,254)</u>	<u>(5,476,949)</u>
Other Financing Sources (Uses):						
Premium on BAN			24,598			24,598
Transfers in	1,565,055	1,250,000			355,794	3,170,849
Transfers out	(1,596,999)	(1,226,347)		(300,708)	(46,795)	(3,170,849)
Total other financing sources (uses)	<u>(31,944)</u>	<u>23,653</u>	<u>24,598</u>	<u>(300,708)</u>	<u>308,999</u>	<u>24,598</u>
Net Change in Fund Balances	(730,249)	120,317	(3,349,360)	(1,633,804)	140,745	(5,452,351)
Fund Balances at Beginning of Year	<u>6,875,583</u>	<u>3,828,548</u>	<u>650,312</u>	<u>6,701,478</u>	<u>1,316,342</u>	<u>19,372,263</u>
Fund Balances at End of Year	<u>\$ 6,145,334</u>	<u>\$ 3,948,865</u>	<u>\$ (2,699,048)</u>	<u>\$ 5,067,674</u>	<u>\$ 1,457,087</u>	<u>\$ 13,919,912</u>

(Continued on next page)

TOWN OF EAST HADDAM, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (5,452,351)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	4,005,792
Depreciation expense	(1,730,983)

In the statement of activities, only the gain 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 assets sold. (31,833)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(358,643)
Property tax receivable - accrual basis change	65,380
Property tax interest and lien revenue - accrual basis change	11,461

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 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 amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bonds and notes principal payments	1,517,178
Bond premiums	4,901

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 the governmental funds.

Compensated absences	(159,270)
Accrued interest	3,277
Amortization of deferred charge on refunding	(8,495)
Termination payments	59,367
Net OPEB expense	(25,351)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.	<u>12,645</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ (2,086,925)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF EAST HADDAM, CONNECTICUT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2009

		Governmental Activities
		Internal
		Service Funds

Assets:		
Cash and cash equivalents	\$	40,882
Liabilities:		
Accounts and other payables		<u>10,544</u>
Net Assets:		
Unrestricted	\$	<u><u>30,338</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HADDAM, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Employer contribution	\$ 33,494
Employee contributions	44,733
Total operating revenues	<u>78,227</u>
Operating Expenses:	
Administrative expense	6,817
Employee benefits	58,827
Total operating expenses	<u>65,644</u>
Operating Income	12,583
Nonoperating Revenue:	
Income on investments	<u>62</u>
Change in Net Assets	12,645
Net Assets at Beginning of Year	<u>17,693</u>
Net Assets at End of Year	<u>\$ 30,338</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HADDAM, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2009

		<u>Governmental Activities</u>
		<u>Internal Service Funds</u>
Cash Flows from Operating Activities:		
Cash received from employees and employer	\$	78,227
Cash payments to providers of benefits and administration		<u>(65,350)</u>
Net cash provided by operating activities		12,877
 Cash Flows from Investing Activities:		
Income on investments		<u>62</u>
 Net Increase in Cash and Cash Equivalents		12,939
 Cash and Cash Equivalents at Beginning of Year		<u>27,943</u>
 Cash and Cash Equivalents at End of Year	\$	<u><u>40,882</u></u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$	12,583
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Increase in accounts payable		<u>294</u>
 Net Cash Provided by Operating Activities	\$	<u><u>12,877</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HADDAM, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2009

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$	\$ 255,749
Investments	<u>1,306,365</u>	<u> </u>
Total assets	1,306,365	<u>\$ 255,749</u>
Liabilities:		
Accounts and other payables	<u> </u>	<u>\$ 255,749</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 1,306,365</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HADDAM, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 103,354
Plan members	152,273
Total contributions	<u>255,627</u>
Investment income (loss):	
Net decrease in fair value of investments	(52,166)
Interest and dividends	35,560
Net investment loss	<u>(16,606)</u>
Total additions	239,021
Deductions:	
Benefits	<u>22,933</u>
Net Increase	216,088
Net Assets at Beginning of Year	<u>1,090,277</u>
Net Assets at End of Year	<u>\$ 1,306,365</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HADDAM, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of East Haddam (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town operates under the provisions of the Connecticut General Statutes. The form of government includes a Board of Selectmen consisting of a First Selectman, who is the chief administrative and executive official of the Town, and two other members. The Board of Selectmen and the Town Meeting have the legislative power of the Town and may enact ordinances consistent with the General Statutes. A nine-member Board of Education is responsible for the operation of the public school system.

A six-member Board of Finance is responsible for presenting fiscal operating budgets for Town Meeting approval. The Treasurer receives all money belonging to the Town and makes expenditures based upon the appropriate authority.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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.

The various funds included in the financial statements are described below:

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed.

General Fund is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

Special Revenue Funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Capital Project Funds account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

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

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The Town has one proprietary fund:

Internal Service Fund accounts for the self-insurance activity related to the Board of Education dental plan.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

Pension Trust Fund accounts for the East Haddam Retirement System.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The Board of Education Student Activity Fund and Driveway Bonds Fund are the Town's agency funds.

C. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures 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.

Property taxes, charges for services, licenses 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.

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 Town, except those required to be accounted for in another fund.

The Reserve for Capital Projects Fund is used to set aside funds for future capital purchases.

The Middle School Fund is used to account for the construction of a middle school.

The A. E. Purple Fund is used to account for funds donated to the Town by A. E. Purple to be used for educational purposes.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for the self-insured dental plan for Board of Education employees.

The Pension Trust Fund accounts for the activities of the East Haddam Retirement System, which accumulates resources for pension benefit payments to qualified Town employees and certain Board of Education employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the 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 property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges to customers for benefits. Operating expenses for internal service fund includes the cost of benefits 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.

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

E. Receivables and Payables

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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

Property taxes are assessed as of October 1 and billed the following July. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value. Liens are filed on delinquent taxes by June 30 each year. Interest is charged on delinquent taxes at the rate of 1.5% per month (18% per year). An amount of \$14,094 has been established as an allowance for uncollectible taxes. At June 30, 2009, this represents 5.1% of all property taxes receivable.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. 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. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25-50
Furniture and equipment	5-20
Public domain infrastructure	20-50

H. Compensated Absences

Employees are paid by prescribed formula for absence due to vacation or sickness. The liability for accumulated vacation and sick pay earned as of June 30, 2009 is reflected in the government-wide statement of net assets.

I. 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. 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 any significant applicable bond premium or discount. Significant 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.

J. Fund Equity

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

K. Termination Benefits

Sick Leave Benefits

Upon the death or retirement from the teaching profession, a teacher who has been in the East Haddam School System for 20 or more years of active service shall be paid the equivalent of one-half of his or her accumulated sick leave. The teacher will be paid at the beginning of the next fiscal year. The maximum benefit available cannot exceed 40% of the salary schedule pay for the highest step of the MA column. Payment will be paid over two fiscal years. At year end, accumulated vacation and unused sick leave was valued at \$973,387. The General Fund generally funds the cost associated with compensated absences.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The General Fund budget is prepared in accordance with the Connecticut General Statutes.

The Board of Finance distributes forms to Town Officials who compile annual budget requests and return them to the Board of Finance. The Board of Finance reviews all general government Selectmen budgets with the Board of Selectmen.

The Board of Education prepares its budget document and submits it to the Board of Finance. After reviewing requested expenditures and estimating revenues, the Board of Finance prepares a budget for public hearing. The legal budget is at the departmental level. Following the hearing, the Board meets in public session to prepare a recommended budget for the Town Meeting. When the budget is approved, the Board of Finance sets the tax rate.

The General Statutes provide the manner that is to be utilized by the Town Meeting in acting upon the budget, as well as the procedures to be utilized for additional appropriations during the year.

Funds for any additional appropriations or any emergency appropriations are drawn as directed by the Board of Finance from any available fund balance, an approved contingency fund or funds received or to be received from state, federal or other sources.

There were \$2,372,604 in supplemental appropriations during the year, and carryover appropriations to fiscal year 2010 are \$939,727.

The General Fund budget is prepared on a modified accrual basis of accounting except for three items as follows:

1. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year.
2. The budget for payroll expenditures is prepared on a cash basis. Accrued payroll has been recorded as expenditures (Exhibit IV) in accordance with GAAP.
3. The Town does not budget for revenue or expenditures for pension contributions made by the State of Connecticut for East Haddam teachers. The amount of this contribution was \$1,309,821.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$12,786,093 of the Town’s bank balance of \$13,831,990 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,449,020
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,337,073</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 12,786,093</u>

Cash Equivalents

At June 30, 2009, the Town's cash equivalents amounted to \$55,641. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm

Investments

As of June 30, 2009, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 – 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 98,129	\$ 98,129		\$
Corporate bonds	AAA- BBB	201,201	8,198	193,003	
U.S. government obligations	N/A	177,385		177,385	
Total		<u>476,715</u>	<u>\$ 106,327</u>	<u>\$ 370,388</u>	<u>\$ -</u>
Other investments:					
Common stock		3,524,958			
Pension investments held by insurance company		1,306,365			
Mutual funds		<u>1,891,331</u>			
Total Investments		<u>\$ 7,199,369</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A - Not applicable

Interest Rate Risk - The Town limits Palmer Fund investment maturities for a single security at 30 years and a weighted average portfolio at 15 years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

Concentration of Credit Risk - The Town limits investments with respect to the Palmer Fund and Purple Fund in any one issuer that is in excess of 5% and 10%, respectively, of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2009, the Town had \$3,524,958 uninsured and unregistered securities held by the counterparty, or by its trust department or agent, that were not in the Town's name.

4. RECEIVABLES

Receivables as of year end for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:			
Interest	\$ 46,662	\$	\$ 46,662
Taxes	274,622		274,622
Accounts	372,318	356	372,674
Intergovernmental	1,381,739	21,710	1,403,449
Gross receivables	<u>2,075,341</u>	<u>22,066</u>	<u>2,097,407</u>
Less allowance for uncollectibles	<u>(14,094)</u>		<u>(14,094)</u>
Net Total Receivables	<u>\$ 2,061,247</u>	<u>\$ 22,066</u>	<u>\$ 2,083,313</u>

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>	<u>Total</u>
Delinquent property taxes receivable	\$ 206,006	\$	\$ 206,006
Accrued interest on delinquent property tax	46,662		46,662
Other revenue unearned		26,210	26,210
Grant drawdowns prior to meeting all eligibility requirements		54,752	54,752
School building grants	1,033,512		1,033,512
Loans receivable	<u>13,000</u>		<u>13,000</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,299,180</u>	<u>\$ 80,962</u>	<u>\$ 1,380,142</u>

5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,004,703	\$ 251,167	\$	\$ 3,255,870
Construction in progress	29,955,508		(29,902,703)	52,805
Total capital assets not being depreciated	<u>32,960,211</u>	<u>251,167</u>	<u>(29,902,703)</u>	<u>3,308,675</u>
Capital assets being depreciated:				
Buildings and improvements	30,185,429	31,231,510		61,416,939
Furniture and equipment	5,168,122	1,082,645		6,250,767
Infrastructure	14,981,923	1,343,173	(31,833)	16,293,263
Total capital assets being depreciated	<u>50,335,474</u>	<u>33,657,328</u>	<u>(31,833)</u>	<u>83,960,969</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,469,465)	(1,092,450)		(10,561,915)
Furniture and equipment	(2,824,911)	(346,431)		(3,171,342)
Infrastructure	(4,379,500)	(292,102)		(4,671,602)
Total accumulated depreciation	<u>(16,673,876)</u>	<u>(1,730,983)</u>	<u>-</u>	<u>(18,404,859)</u>
Total capital assets being depreciated, net	<u>33,661,598</u>	<u>31,926,345</u>	<u>(31,833)</u>	<u>65,556,110</u>
Governmental Activities Capital Assets, Net	<u>\$ 66,621,809</u>	<u>\$ 32,177,512</u>	<u>\$ (29,934,536)</u>	<u>\$ 68,864,785</u>

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

Governmental activities:	
General government	\$ 121,731
Public safety	109,215
Public works	429,540
Health and welfare	20,500
Recreation and leisure	4,150
Education	<u>1,045,847</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,730,983</u>

Construction Commitments

The status of appropriations for the various capital projects as of June 30, 2009 is presented below:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Balance</u>
Middle School Project	\$ 34,448,072	\$ 34,418,331	\$	\$ 29,741

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through the General Fund on behalf of other funds. A summary of General Fund interfund balances as of June 30, 2009 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
A. E. Purple Fund	General Fund	\$ 10,303
Nonmajor governmental funds	General Fund	212,932
Reserve for Capital Projects Fund	General Fund	514,580
General Fund	Middle School	124,708
General Fund	Nonmajor governmental funds	<u>326,921</u>
Total		<u>\$ 1,189,444</u>

All interfund receivables and payables represent routine recurring transactions that are temporary in nature.

Interfund transfers:

	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Reserve for Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:				
General Fund	\$	\$ 1,250,000	\$ 346,999	\$ 1,596,999
Reserve for Capital Projects	1,226,347			1,226,347
A. E. Purple Fund	300,708			300,708
Nonmajor governmental funds	<u>38,000</u>		<u>8,795</u>	<u>46,795</u>
Total	<u>\$ 1,565,055</u>	<u>\$ 1,250,000</u>	<u>\$ 355,794</u>	<u>\$ 3,170,849</u>

All transfers represent routine recurring transactions to move resources from one fund to another.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 19,800,000	\$	\$ 1,435,000	\$ 18,365,000	\$ 1,425,000
Clean Water notes	657,417		82,178	575,239	82,177
Less deferred amounts:					
Refunding bonds	<u>(28,626)</u>		<u>(8,495)</u>	<u>(20,131)</u>	
Total bonds payable	20,428,791	-	1,508,683	18,920,108	1,507,177
OPEB liability		25,351		25,351	
Compensated absences	814,117	159,270		973,387	339,519
Termination benefits	<u>168,347</u>	<u>52,322</u>	<u>111,689</u>	<u>108,980</u>	<u>82,819</u>
Governmental Activity					
Long-Term Liabilities	<u>\$ 21,411,255</u>	<u>\$ 236,943</u>	<u>\$ 1,620,372</u>	<u>\$ 20,027,826</u>	<u>\$ 1,929,515</u>

A schedule of bonds and notes outstanding at June 30, 2009 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2009</u>
Bonds and notes:					
School	2008	2028	3.5-4.7	\$ 16,150,000	\$ 15,544,350
Open Space	2008	2028	3.5-4.7	500,000	480,650
School	2003	2013	2.0-3.6	2,760,000	1,015,000
Schools	1998	2012	3.9-4.6	6,105,000	1,325,000
Sewer	1997	2016	3.9-4.6	1,561,364	<u>575,239</u>
Total Outstanding					<u>\$ 18,940,239</u>

The following is a schedule of principal and interest requirements to maturity:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,507,177	\$ 737,085
2011	1,492,177	683,104
2012	1,217,177	628,619
2013	1,077,177	585,952
2014	857,177	551,114
2015-2019	4,714,354	2,232,941
2020-2024	4,575,000	1,306,499
2025-2028	3,500,000	377,561
Total	<u>\$ 18,940,239</u>	<u>\$ 7,102,875</u>

A summary of bonds authorized unissued is presented below:

<u>Project</u>	<u>Authorization</u>	<u>Bonds Issued</u>	<u>BANs Issued</u>	<u>Authorized Unissued</u>
Open Space	\$ 5,000,000	\$ 500,000	\$	\$ 4,500,000
Clean Water Fund	1,577,048	1,561,364		15,684
Middle School Project	34,118,000	15,820,000	4,540,000	13,758,000*
Total	<u>\$ 40,695,048</u>	<u>\$ 17,881,364</u>	<u>\$ 4,540,000</u>	<u>\$ 18,273,684</u>

*The authorized unissued amount is reduced by grants received by the State of Connecticut.

Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2009:

Capital Project Funds

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2008</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2009</u>
Middle School Gymnasium	05-16-07	05-15-08	4.00	\$ 18,070,000	\$	\$ 18,070,000	\$ -
Middle School	05-16-07	05-15-08	4.00	330,000		330,000	-
Middle School	05-13-08	11-13-08	2.25	4,700,000		4,700,000	-
Middle School	11-13-08	08-12-09	1.77		4,540,000		4,540,000
Total				<u>\$ 23,100,000</u>	<u>\$ 4,540,000</u>	<u>\$ 23,100,000</u>	<u>\$ 4,540,000</u>

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

<u>Category</u>	<u>Debt Limitation*</u>	<u>Indebtedness**</u>	<u>Balance</u>
General purpose	\$ 45,304	\$ 4,981	\$ 40,323
Schools	90,608	21,391	69,217
Sewers	75,506	590	74,916
Urban renewal	65,439		65,439
Pension deficit	60,405		60,405

* In no case shall total indebtedness exceed seven times annual receipts from taxation (\$140,945).

** Indebtedness includes bonds authorized unissued of \$15 related to the Clean Water Fund, \$4,500 related to open space.

Accrued sick and vacation pay for general government operations is \$210,912, and the amount for the Board of Education is \$762,475. This is an increase of \$159,270 from the previous year. The Board of Education has liabilities of \$108,980 related to retirement incentives and sick pay buyouts at retirement.

8. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

The Board of Education has a self-insurance plan for dental expenses. Estimated amounts to pay claims are paid into an Internal Service Fund and are available to pay claims and to establish claim reserves of the program. During fiscal year 2009, expenses of \$58,827 were paid for benefits, insurance premiums and administration. Incurred but not reported health claims of \$10,544 have been accrued as a liability based upon an estimate of historical claim activity by the Plan Administrator.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The following table reflects the activity of the past two years:

	<u>Claims Payable July 1</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
2007-2008	\$ 10,566	\$ 64,355	\$ 64,671	\$ 10,250
2008-2009	10,250	59,121	58,827	10,544

9. COMMITMENTS

The Town is party to an intermunicipal agreement for septage waste disposal. The Town of East Hampton has agreed to accept septage from East Haddam and four other towns. East Hampton borrowed approximately \$800,000 from the State of Connecticut Clean Water Fund to finance improvements to its plant to accommodate septage from the other towns. Each town is committed to paying a portion of the cost of improvements over 20 years. Additionally, operating costs and a utilization fee will also be charged. The annual projected cost is expected to be \$19,500. The sixteenth payment of \$19,500 was made during the current fiscal year by the General Fund.

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Municipal Employees' Retirement Fund (Savings Plan)

The Municipal Employees' Retirement Fund is a defined contribution individual savings account plan. The plan, effective July 1, 1986, covers all full-time Town employees and noncertified school employees who work over 500 hours annually, except for those employees who are covered under State of Connecticut Municipal Employees Retirement Fund. Contributions to the plan are made both by the Board of Education and Town (2-3% and 4.5%, respectively, of annual compensation) and the employee (minimum 2% of annual compensation to a maximum 13%). Currently, there are 75 members participating in the plan. Benefits are vested at 20% after the first two years and 20% each year thereafter, with 100% vesting after six years. Normal retirement age is 65 with provisions for early retirement. The participants are funding individual savings accounts and they have several options as to the method of receiving pension benefits (i.e., lump sum, annuity, etc). During the year, the employees contributed \$147,420 and employer contributions were \$95,405 to the plan. These amounts represent 5.81% and 3.76% of covered payroll of \$2,537,540. Total Town payroll amounted to \$12,807,854.

The plan was created by the authority of the Board of Selectmen and can be amended by that Board. This plan is reported as a Pension Trust Fund in this report. The plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. All investments are invested and administered by the Sentry Insurance Company and are reported at fair value. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

B. State of Connecticut Municipal Employees' Retirement Fund

Currently nine (9) Town of East Haddam employees in the General Teamsters Union participate in the Municipal Employees' Retirement Fund (MERF), 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 retirement and disability benefits, annual cost-of-living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

Funding Policy - Plan members are required by State Statute to contribute 2-1/4% 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 at an actuarially determined rate. The current rate is 7.0% of annual covered payroll. The contribution requirements of the Town are established and may be

amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2009, 2008 and 2007 were \$47,025, \$44,679 and \$40,018, respectively, equal to the required contributions for each year.

C. Connecticut State Teachers' Retirement Board

Town of East Haddam certified teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$8,481,918 or 75.2% of the total Town and Board of Education payroll of \$11,282,915.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2009, the Town has recorded, in the General Fund, intergovernmental revenue and educational expenditures in the amount of \$1,309,821 as payments made by the State of Connecticut on behalf of the Town.

11. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The Town, in accordance with various collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees and their spouses. The Post-Retirement Medical Program (RMP) covers Town and Board of Education employees. Retired program members and beneficiaries are required to contribute active employee premiums. The percentage contribution and the eligibility of the employees and retirees for these benefits vary and are detailed within the Town's various bargaining agreements. The Town does not issue a separate stand alone financial statement for this program.

At June 30, 2009, plan membership consisted of the following:

	Post- Retirement Medical Program
Active participants	186
Inactive participants	25
Total Participants	<u>211</u>

B. Funding Policy

The Town funding and payment of postemployment benefits are accounted for in the General Fund on a pay-as-you go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

The Town's funding strategy for postemployment obligations are based upon characteristics of benefits on four distinct groups of employees established within their respective collective bargaining units and/or contracts and include the following:

- UPSEU Board of Education employees are eligible for retiree health care coverage for lifetime upon attainment of age 55 with 20 years of service.
- Teachers and School Administrators are eligible for retiree health care coverage for lifetime at the earlier of age 55 with 20 years of service or 25 years of service.
- Board of Education employees with individual contracts are assumed to be eligible for retiree health care coverage for lifetime upon attainment of age 55 with 20 years of service. The following employees have individual contracts: Superintendent, Business Manager, Administrative Assistant to Superintendent, MIS/Network Administrator and Tech Support.
- Town employees who retire upon Medicare eligibility are eligible to purchase Medicare Supplement coverage through the Town. No retiree health care benefits are offered to Town employees who retire prior to Medicare eligibility.
- Surviving spouses of retired teachers and nonteachers at the school are allowed to remain on the plan.
- Surviving spouses of retirees and actives eligible to retire are allowed to remain on the plan.

C. Annual OPEB Cost and Net OPEB Obligations

The Town of East Haddam's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

	<u>Post-Retirement Medical Program</u>
Annual required contribution (ARC)	\$ 72,094
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>72,094</u>
Contributions made	<u>46,743</u>
Increase in net OPEB obligation	25,351
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB Obligation, End of Year	<u><u>\$ 25,351</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2009 is presented below. Data is only presented for the fiscal year ended June 30, 2009, due to this being the year of transition.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 72,094	\$ 46,743	64.84%	\$ 25,351

As of June 30, 2009, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$850,711, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$850,711. The covered payroll (annual payroll of active employees covered by the plan) was \$10,507,226.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The actuarial value of assets was determined using an open group. The UAAL is being amortized on a level percentage of pay over 30 years.

12. FUND DEFICITS

The Middle School Fund, a major capital projects fund, has a deficit fund balance of \$2,699,048 primarily due to pending state funding, which the Town cannot reasonably estimate and has, therefore, not shown as a receivable. This deficit will be funded by state funding, with any remaining balances being funded by General Fund contributions.

The Bridge Construction Fund, a nonmajor capital projects fund, has a deficit fund balance of \$198,153 primarily due to a pending disagreement between the State of Connecticut and the Town's contractor as it relates to contract compliance. This deficit will be funded by General Fund contributions and/or additional state revenues.

13. CONTINGENT LIABILITIES

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

14. SUBSEQUENT EVENT

On July 14, 2009, the Town settled litigation regarding the original appraisal of the land that was purchased for the construction of the new Middle School. As a result of the settlement, the Town paid an additional \$444,059 for the land as well as interest on the additional payment and other fees in the amount of \$67,403.

TOWN OF EAST HADDAM, CONNECTICUT

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Property taxes:				
Current and prior years' levies	\$ 20,106,730	\$ 20,106,730	\$ 19,988,368	\$ (118,362)
Interest and penalties	90,000	90,000	113,819	23,819
Other taxes	8,000	8,000	10,503	2,503
Total property taxes	<u>20,204,730</u>	<u>20,204,730</u>	<u>20,112,690</u>	<u>(92,040)</u>
Intergovernmental revenues:				
General government:				
State Highway - Town Aid Road	167,853	167,853	167,175	(678)
Tax relief veterans, elderly and disabled	62,700	62,700	55,802	(6,898)
School bond - principal	331,683	331,683	358,644	26,961
School bond - interest	48,133	48,133	52,423	4,290
PILOT State property	24,086	24,086	23,131	(955)
Miscellaneous allotments	75,000	114,640	168,775	54,135
Local Capital Improvement Program	90,340	90,340	90,585	245
Casino funds	54,230	54,230	53,006	(1,224)
Goodspeed Opera House PILOT	25,000	25,000	25,036	36
Education:				
Education Cost Sharing/Special				
Education Grant	3,718,223	3,718,223	3,646,494	(71,729)
Transportation	125,805	125,805	130,205	4,400
Adult Education	5,240	5,240	5,387	147
Services for the Blind	10,000	10,000	2,098	(7,902)
Total intergovernmental revenues	<u>4,738,293</u>	<u>4,777,933</u>	<u>4,778,761</u>	<u>828</u>
Investment and interest income:				
Health insurance investment interest	2,000	2,000		(2,000)
Investment income	160,000	160,000	320,768	160,768
Interest income on bond anticipation notes	20,000	20,000		(20,000)
Total investment and interest income	<u>182,000</u>	<u>182,000</u>	<u>320,768</u>	<u>138,768</u>
Local revenue:				
Police special duty	22,493	22,493	21,885	(608)
Sanitation/Transfer Station	99,000	99,000	72,270	(26,730)
Sales and refunds	5,000	5,000		(5,000)
Rent	15,900	15,900	13,186	(2,714)
Conveyance tax	154,000	154,000	74,905	(79,095)
Preservation revenue	9,000	9,000	6,139	(2,861)
Surcharge PA05-228 revenue	90,000	90,000	58,920	(31,080)
Recreation	40,000	40,000	40,200	200
Miscellaneous dog	200	200	185	(15)

(Continued on next page)

TOWN OF EAST HADDAM, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Local revenue (continued):				
Assessor fees	\$	\$	\$	\$ -
Zoning Board of Appeals	4,000	4,000	900	(3,100)
Historic District permits	300	300	50	(250)
Telecommunications	49,700	49,700	43,938	(5,762)
Land Use Offices permit fees	30,450	30,450	26,528	(3,922)
Building Department	115,000	115,000	96,756	(18,244)
Town Clerk licenses	21,000	21,000	28,955	7,955
Town Clerk fees	101,000	101,000	65,282	(35,718)
Fire permits	500	500	240	(260)
Senior Transportation Grant	31,354	31,354	31,354	-
Other	5,300	7,962	28,090	20,128
Total local revenue	<u>794,197</u>	<u>796,859</u>	<u>609,783</u>	<u>(187,076)</u>
Other:				
Ray School Corporation	206,732	206,732	206,732	-
Tuition receipts			8,500	8,500
Helon Cone Trust	16,153	16,153	14,119	(2,034)
Total other	<u>222,885</u>	<u>222,885</u>	<u>229,351</u>	<u>6,466</u>
Total revenues	<u>26,142,105</u>	<u>26,184,407</u>	<u>26,051,353</u>	<u>(133,054)</u>
Other financing sources:				
Transfers from other funds:				
Albert E. Purple Fund	300,708	300,708	300,708	-
Reserve for Capital Projects	983,347	1,226,347	1,226,347	-
Debt reserve	98,753	98,753		(98,753)
Palmer Fund	38,000	38,000	38,000	-
Total other financing sources	<u>1,420,808</u>	<u>1,663,808</u>	<u>1,565,055</u>	<u>(98,753)</u>
Total Revenues and Other Financing Sources	\$ <u>27,562,913</u>	\$ <u>27,848,215</u>	27,616,408	\$ <u>(231,807)</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			1,309,821	
State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes.			<u>683,770</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>29,609,999</u>	

TOWN OF EAST HADDAM, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
General Government:				
Selectmen	\$ 115,632	\$ 117,731	\$ 117,731	\$ -
Town Clerk	202,956	202,956	173,448	29,508
Probate Court	2,491	2,491	1,731	760
Board of Finance	117,605	124,260	124,260	-
Elections and registrars	37,993	37,993	32,410	5,583
Auditor	20,600	28,000	28,000	-
Town Office	50,575	50,575	44,582	5,993
Assessor	110,043	110,043	108,550	1,493
Board of Assessment Appeals	1,315	1,315	1,075	240
Tax Collector	86,408	89,908	87,984	1,924
Treasurer	15,644	15,644	15,619	25
Town Counsel	22,000	56,228	56,228	-
Historic District Commission	1,443	1,443	526	917
Town reports	2,500	2,500	2,193	307
Town Hall maintenance	2,625	2,765	2,765	-
MS Conversion Committee	10,080	10,080		10,080
Insurance	173,087	173,087	140,141	32,946
Zoning Board of Appeals	9,480	9,480	8,487	993
Planning and Zoning	216,397	216,397	212,188	4,209
Data Processing	51,175	51,175	46,639	4,536
Tax refunds	10,000	10,000	8,733	1,267
Town employee retirement program	104,806	104,806	99,866	4,940
Social Security contribution	148,657	148,657	141,876	6,781
Legal ads	2,800	3,037	3,037	-
Midstate Regional Planning Agency	5,846	5,846	5,846	-
Duplicating	12,875	12,875	12,049	826
Unemployment Compensation reserve	500	20,056	20,056	-
Health insurance	421,738	421,738	354,750	66,988
Conservation Commission	1,718	1,718	1,250	468
River House maintenance	9,100	9,100	8,198	902
Senior Center maintenance	21,238	21,238	18,548	2,690
Economic Development Commission	26,760	29,423	27,928	1,495
Open Space Committee	14,006	14,006	10,440	3,566
Grange Hall	8,300	8,300	8,224	76
Millington School House maintenance	500	500	495	5
Old Middle School/New Town Office	55,474	129,206	129,206	-
Grants and special appropriations		49,551	49,544	7
Total general government	<u>2,094,367</u>	<u>2,294,128</u>	<u>2,104,603</u>	<u>189,525</u>

(Continued on next page)

TOWN OF EAST HADDAM, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Public safety:				
Fire Department	\$ 195,885	\$ 195,885	\$ 192,423	\$ 3,462
Fire Marshal	22,381	22,381	20,508	1,873
Police officers	122,776	122,776	117,241	5,535
Resident trooper	184,459	184,459	182,398	2,061
Emergency management	54,188	54,188	53,815	373
Dog Fund Animal Control	24,896	24,896	22,498	2,398
Building Inspector, Sanitarian	111,897	111,897	106,454	5,443
Total public safety	<u>716,482</u>	<u>716,482</u>	<u>695,337</u>	<u>21,145</u>
Public works:				
General highways	767,783	780,491	780,491	-
Machine and equipment repair	51,700	51,700	46,805	4,895
Snow removal - general	214,602	337,309	337,309	-
Sanitation/Transfer Station	607,409	607,409	575,273	32,136
Street lights and safety	43,311	43,311	36,297	7,014
Town garage maintenance	48,812	48,812	47,824	988
Total public works	<u>1,733,617</u>	<u>1,869,032</u>	<u>1,823,999</u>	<u>45,033</u>
Health and welfare:				
Health District	71,956	71,956	71,906	50
Aging and elderly	69,452	69,452	64,512	4,940
Human services	3,320	3,320	3,320	-
Youth and Family Services	133,371	133,371	133,371	-
Total health and welfare	<u>278,099</u>	<u>278,099</u>	<u>273,109</u>	<u>4,990</u>
Recreation and leisure:				
Greens maintenance	6,900	6,900	5,658	1,242
Recreation Commission	135,277	135,277	134,148	1,129
Public Libraries	173,881	173,881	173,881	-
Total recreation and leisure	<u>316,058</u>	<u>316,058</u>	<u>313,687</u>	<u>2,371</u>
Board of Education	<u>17,759,431</u>	<u>17,759,431</u>	<u>17,676,018</u>	<u>83,413</u>
Other:				
Contingency Fund	<u>99,306</u>	<u>99,306</u>	<u>99,306</u>	<u>-</u>
Debt service	<u>2,361,928</u>	<u>2,361,928</u>	<u>2,361,928</u>	<u>-</u>

(Continued on next page)

TOWN OF EAST HADDAM, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Capital improvements:				
Current	\$ 1,290,373	\$ 1,312,122	\$ 1,291,210	\$ 20,912
Carryovers:				
General government		7,546	7,544	2
Animal Control		1,432	1,431	1
General highways		139,134	111,429	27,705
Sanitation		59,855	59,843	12
Education		21,518	21,518	-
Land acquisitions		1,680,000		1,680,000
Total capital improvements	<u>1,290,373</u>	<u>3,221,607</u>	<u>1,492,975</u>	<u>1,728,632</u>
Total expenditures	<u>26,649,661</u>	<u>28,816,765</u>	<u>26,741,656</u>	<u>2,075,109</u>
Other financing uses:				
Transfers to other funds:				
Reserve for Capital Projects	1,250,000	1,250,000	1,250,000	-
Reserve for Debt Service	98,753	98,753		98,753
Capital Nonrecurring Fund	100,000	100,000	100,000	-
Reserve for Revaluation	20,000	20,000	20,000	-
Open Space Fund	5,000	5,000	5,000	-
Middle School Conversion		205,500	205,500	-
Walkable Moodus	249	249	249	-
Cafeteria Fund	16,250	16,250	16,250	-
Total other financing uses	<u>1,490,252</u>	<u>1,695,752</u>	<u>1,596,999</u>	<u>98,753</u>
Total Budgetary Expenditures and Other Financing Uses	\$ <u>28,139,913</u>	\$ <u>30,512,517</u>	28,338,655	\$ <u>2,173,862</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.

1,309,821

Payroll accrual adjustment - payroll budgeted on a cash basis.

8,002

State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes.

683,770

Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 30,340,248

TOWN OF EAST HADDAM, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 6,717,411	\$ 6,068,050
Investments	37,396	35,903
Due from other governments	1,033,512	1,392,155
Property taxes receivable (net of allowance for uncollected taxes)	260,528	216,367
Other accounts receivable	767,207	805,003
Due from other funds	<u>451,629</u>	<u>937,631</u>
Total Assets	<u>\$ 9,267,683</u>	<u>\$ 9,455,109</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,082,297	\$ 877,127
Due to other funds	737,815	117,606
Deferred revenues	<u>1,302,237</u>	<u>1,584,793</u>
Total liabilities	<u>3,122,349</u>	<u>2,579,526</u>
Fund balance:		
Unreserved:		
Designated for specific programs	258,693	244,574
Designated for continued appropriations	939,727	634,959
Undesignated	<u>4,946,914</u>	<u>5,996,050</u>
Total fund balance	<u>6,145,334</u>	<u>6,875,583</u>
Total Liabilities and Fund Balance	<u>\$ 9,267,683</u>	<u>\$ 9,455,109</u>

TOWN OF EAST HADDAM, CONNECTICUT

GENERAL FUND
REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2009

Grand List	Uncollected Taxes July 1, 2008	Current Year Levy	Assessor's Additions	Assessor's Deductions	Transfers to Suspense	Refunds	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2009
								Taxes	Interest Liens and Other Fees	Total	
2007	\$	\$ 20,127,920	\$ 43,160	\$ 114,352	\$ 5,526	\$ 13,354	\$ 20,064,556	\$ 19,846,310	\$ 74,736	\$ 19,921,046	\$ 218,246
2006		189,167	1,826	3,025	2,354	1,129	186,743	150,621	26,794	177,415	36,122
2005		34,026	3	1,416	1,353	991	32,251	19,557	7,035	26,592	12,694
2004		3,733					3,733	514	265	779	3,219
2003		3,589	63				3,652	81	2,073	2,154	3,571
2002		228					228	73	69	142	155
2001		191	49				240	49		49	191
2000			424				424			-	424
	\$	<u>230,934</u>	<u>20,127,920</u>	<u>45,525</u>	<u>118,793</u>	<u>9,233</u>	<u>20,291,827</u>	20,017,205	110,972	20,128,177	<u>274,622</u>

Suspense collections:

2007	314	53	367
2006	1,522	323	1,845
2005	586	217	803
2004	157	100	257
2003	653	538	1,191
2002	714	721	1,435
2001	174	208	382
2000	110	141	251
1997	94	186	280
1996	106	228	334
1995	<u>58</u>	<u>130</u>	<u>188</u>

Total \$ 20,021,693 \$ 113,817 \$ 20,135,510

TOWN OF EAST HADDAM, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

	Special Revenue Funds									
	WPCA Sewer	Senior Transportation	Reserve Fund for Capital and Nonrecurring	Miscellaneous Grants	Open Space	Recreation Activity	Reserve for Revaluation	Dog Pound Improvements	Mobility Project	Senior Center Donation
ASSETS										
Cash and cash equivalents	\$ 159,925	\$ 16,403	\$ 379,840	\$	\$ 73,662	\$ 57,291	\$ 73,535	\$	\$	\$
Investments										
Due from other governments										
Accounts receivable										
Due from other funds		9,910		5,630				2,793		15,573
Inventory										
Total Assets	<u>\$ 159,925</u>	<u>\$ 26,313</u>	<u>\$ 379,840</u>	<u>\$ 5,630</u>	<u>\$ 73,662</u>	<u>\$ 57,291</u>	<u>\$ 73,535</u>	<u>\$ 2,793</u>	<u>\$ -</u>	<u>\$ 15,573</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts and other payables	\$ 10,914	\$ 9,910	\$ 37,545	\$	\$	\$ 10,434	\$	\$	\$	\$
Due to other funds	104,909					19,189				
Deferred revenue						23,153				
Total liabilities	<u>115,823</u>	<u>9,910</u>	<u>37,545</u>	<u>-</u>	<u>-</u>	<u>52,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Reserved:										
Permanent accounts inventory										
Permanent Funds										
Debt Service										
Unreserved:										
Special Revenue Funds	44,102	16,403	342,295	5,630	73,662	4,515	73,535	2,793		15,573
Capital Projects Funds										
Permanent Funds										
Total fund balance	<u>44,102</u>	<u>16,403</u>	<u>342,295</u>	<u>5,630</u>	<u>73,662</u>	<u>4,515</u>	<u>73,535</u>	<u>2,793</u>	<u>-</u>	<u>15,573</u>
Total Liabilities and Fund Balances	<u>\$ 159,925</u>	<u>\$ 26,313</u>	<u>\$ 379,840</u>	<u>\$ 5,630</u>	<u>\$ 73,662</u>	<u>\$ 57,291</u>	<u>\$ 73,535</u>	<u>\$ 2,793</u>	<u>\$ -</u>	<u>\$ 15,573</u>

(Continued on next page)

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

JUNE 30, 2009

	<u>Special Revenue Funds</u>					<u>Capital Project Funds</u>					
	<u>Records Preservation</u>	<u>Educational Grants</u>	<u>School Cafeteria</u>	<u>Food Bank</u>	<u>William Palmer</u>	<u>Total</u>	<u>Bridge Construction</u>	<u>Local Wastewater Project</u>	<u>Walkable Moodus</u>	<u>Middle School Conversion</u>	<u>Total</u>
ASSETS											
Cash and cash equivalents	\$	\$ 52,110	\$ 38,143	\$ 722	\$	\$ 851,631	\$	\$	\$	\$	\$ -
Investments					\$ 691,389	691,389					-
Due from other governments		10,736	10,974			21,710					-
Accounts receivable						-					-
Due from other funds	8,726					42,632			170,300		170,300
Inventory			1,423			1,423					-
Total Assets	\$ 8,726	\$ 62,846	\$ 50,540	\$ 722	\$ 691,389	\$ 1,608,785	\$ -	\$ -	\$ -	\$ 170,300	\$ 170,300
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts and other payables	\$ 1,147	\$ 8,094	\$ 33,361	\$	\$	\$ 111,405	\$ 33,330	\$	\$	\$ 8,162	\$ 41,492
Due to other funds					\$ 38,000	162,098	164,823				164,823
Deferred revenue		54,752				77,905					-
Total liabilities	1,147	62,846	33,361	-	38,000	351,408	198,153	-	-	8,162	206,315
Fund Balances:											
Reserved:											
Permanent accounts inventory			1,423			1,423					-
Permanent Funds						-					-
Debt Service						-					-
Unreserved:											
Special Revenue Funds	7,579		15,756	722	653,389	1,255,954					-
Capital Projects Funds						-	(198,153)			162,138	(36,015)
Permanent Funds						-					-
Total fund balance	7,579	-	17,179	722	653,389	1,257,377	(198,153)	-	-	162,138	(36,015)
Total Liabilities and Fund Balances	\$ 8,726	\$ 62,846	\$ 50,540	\$ 722	\$ 691,389	\$ 1,608,785	\$ -	\$ -	\$ -	\$ 170,300	\$ 170,300

(Continued on next page)

TOWN OF EAST HADDAM, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

	Permanent Funds							Debt Service	Total Nonmajor Governmental Funds
	Charity Trust	Town School	F.L. Rathbun Estate	Cemetery	Thomas Jahelka	Bicentennial Scholarship	Total		
ASSETS									
Cash and cash equivalents	\$	\$ 588	\$	\$ 3,844	\$	\$	\$ 4,432	\$ 53,019	\$ 909,082
Investments	2,527		1,439	168,717	2,429	2,806	177,918		869,307
Due from other governments							-		21,710
Accounts receivable				356			356		356
Due from other funds							-		212,932
Inventory							-		1,423
Total Assets	\$ 2,527	\$ 588	\$ 1,439	\$ 172,917	\$ 2,429	\$ 2,806	\$ 182,706	\$ 53,019	\$ 2,014,810
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$	\$	\$	\$	\$	\$	\$ -	\$	\$ 152,897
Due to other funds							-		326,921
Deferred revenue							-		77,905
Total liabilities	-	-	-	-	-	-	-	-	557,723
Fund Balances:									
Reserved:									
Permanent accounts inventory							-		1,423
Permanent Funds	1,000	587	500	35,587	610	2,706	40,990		40,990
Debt Service							-	53,019	53,019
Unreserved:									
Special Revenue Funds							-		1,255,954
Capital Projects Funds							-		(36,015)
Permanent Funds	1,527	1	939	137,330	1,819	100	141,716		141,716
Total fund balance	2,527	588	1,439	172,917	2,429	2,806	182,706	53,019	1,457,087
Total Liabilities and Fund Balances	\$ 2,527	\$ 588	\$ 1,439	\$ 172,917	\$ 2,429	\$ 2,806	\$ 182,706	\$ 53,019	\$ 2,014,810

TOWN OF EAST HADDAM, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds									
	WPCA Sewer	Senior Transportation	Reserve Fund for Capital and Nonrecurring	Miscellaneous Grants	Open Space	Recreation Activity	Reserve for Revaluation	Dog Pound Improvements	Mobility Project	Senior Center Donations
Revenues:										
Intergovernmental revenues	\$	\$	\$ 355,927	\$ 19,000	\$	\$	\$	\$	\$	\$
Charges for sales and services	136,771					138,708				
Income (loss) on investments	1,448	259			102		256			
Other			3,450							
Donations and gifts		2,990								
Total revenues	<u>138,219</u>	<u>3,249</u>	<u>359,377</u>	<u>19,000</u>	<u>102</u>	<u>138,708</u>	<u>256</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:										
Current:										
General government							5,600			
Public works	146,648			20,163					336	
Health and welfare										
Recreation and leisure						113,361				
Education										
Capital outlay			393,472							
Total expenditures	<u>146,648</u>	<u>-</u>	<u>393,472</u>	<u>20,163</u>	<u>-</u>	<u>113,361</u>	<u>5,600</u>	<u>-</u>	<u>336</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(8,429)</u>	<u>3,249</u>	<u>(34,095)</u>	<u>(1,163)</u>	<u>102</u>	<u>25,347</u>	<u>(5,344)</u>	<u>-</u>	<u>(336)</u>	<u>-</u>
Other Financing Sources (Uses):										
Transfers in	8,348		100,000		5,000		20,000		447	
Transfers out										
Total other financing sources (uses)	<u>8,348</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>447</u>	<u>-</u>
Net Change in Fund Balances	(81)	3,249	65,905	(1,163)	5,102	25,347	14,656	-	111	-
Fund Balances at Beginning of Year	44,183	13,154	276,390	6,793	68,560	(20,832)	58,879	2,793	(111)	15,573
Fund Balances at End of Year	<u>\$ 44,102</u>	<u>\$ 16,403</u>	<u>\$ 342,295</u>	<u>\$ 5,630</u>	<u>\$ 73,662</u>	<u>\$ 4,515</u>	<u>\$ 73,535</u>	<u>\$ 2,793</u>	<u>\$ -</u>	<u>\$ 15,573</u>

(Continued on next page)

TOWN OF EAST HADDAM, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Special Revenue Funds</u>					<u>Capital Project Funds</u>				
	<u>Records Preservation</u>	<u>Educational Grants</u>	<u>School Cafeteria</u>	<u>Food Bank</u>	<u>William Palmer</u>	<u>Total</u>	<u>Bridge Construction</u>	<u>Local Wastewater Project</u>	<u>Walkable Moodus</u>	<u>Middle School Conversion</u>
Revenues:										
Intergovernmental revenues	\$ 7,000	\$ 425,744	\$ 53,927	\$	\$	\$ 861,598	\$	\$	\$	\$ -
Charges for sales and services			310,470			585,949				-
Income (loss) on investments					(47,754)	(45,689)		3		3
Other			27,024			30,474	3,960			3,960
Donations and gifts		340,788				343,778				-
Total revenues	<u>7,000</u>	<u>766,532</u>	<u>391,421</u>	<u>-</u>	<u>(47,754)</u>	<u>1,776,110</u>	<u>3,960</u>	<u>3</u>	<u>-</u>	<u>3,963</u>
Expenditures:										
Current:										
General government	7,913					13,513				-
Public works						167,147				-
Health and welfare					6,808	6,808				-
Recreation and leisure						113,361				-
Education		766,532	424,469			1,191,001				-
Capital outlay						393,472	1,151		43,362	44,513
Total expenditures	<u>7,913</u>	<u>766,532</u>	<u>424,469</u>	<u>-</u>	<u>6,808</u>	<u>1,885,302</u>	<u>1,151</u>	<u>-</u>	<u>-</u>	<u>44,513</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(913)</u>	<u>-</u>	<u>(33,048)</u>	<u>-</u>	<u>(54,562)</u>	<u>(109,192)</u>	<u>2,809</u>	<u>3</u>	<u>(43,362)</u>	<u>(40,550)</u>
Other Financing Sources (Uses):										
Transfers in			16,250			150,045			249	205,749
Transfers out	(447)				(38,000)	(38,447)		(8,348)		(8,348)
Total other financing sources (uses)	<u>(447)</u>	<u>-</u>	<u>16,250</u>	<u>-</u>	<u>(38,000)</u>	<u>111,598</u>	<u>-</u>	<u>(8,348)</u>	<u>249</u>	<u>197,401</u>
Net Change in Fund Balances	(1,360)	-	(16,798)	-	(92,562)	2,406	2,809	(8,345)	249	156,851
Fund Balances at Beginning of Year	8,939	-	33,977	722	745,951	1,254,971	(200,962)	8,345	(249)	(192,866)
Fund Balances at End of Year	<u>\$ 7,579</u>	<u>\$ -</u>	<u>\$ 17,179</u>	<u>\$ 722</u>	<u>\$ 653,389</u>	<u>\$ 1,257,377</u>	<u>\$ (198,153)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,138</u>

(Continued on next page)

TOWN OF EAST HADDAM, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	Permanent Funds							Debt Service	Total Nonmajor Governmental Funds
	Charity Trust	Town School	F.L. Rathbun Estate	Cemetery	Thomas Jahelka	Bicentennial Scholarship	Total		
Revenues:									
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$ -	\$	\$ 861,598
Charges for sales and services							-		585,949
Income (loss) on investments	85		50	(14,666)		8	(14,523)	1,710	(58,499)
Other				600			600		35,034
Donations and gifts							-		343,778
Total revenues	<u>85</u>	<u>-</u>	<u>50</u>	<u>(14,066)</u>	<u>-</u>	<u>8</u>	<u>(13,923)</u>	<u>1,710</u>	<u>1,767,860</u>
Expenditures:									
Current:									
General government							-		13,513
Public works							-		167,147
Health and welfare				6,299			6,299		13,107
Recreation and leisure							-		113,361
Education							-		1,191,001
Capital outlay							-		437,985
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,299</u>	<u>-</u>	<u>-</u>	<u>6,299</u>	<u>-</u>	<u>1,936,114</u>
Excess (Deficiency) of Revenues over Expenditures	<u>85</u>	<u>-</u>	<u>50</u>	<u>(20,365)</u>	<u>-</u>	<u>8</u>	<u>(20,222)</u>	<u>1,710</u>	<u>(168,254)</u>
Other Financing Sources (Uses):									
Transfers in							-		355,794
Transfers out							-		(46,795)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,999</u>
Net Change in Fund Balances	85	-	50	(20,365)	-	8	(20,222)	1,710	140,745
Fund Balances at Beginning of Year	2,442	588	1,389	193,282	2,429	2,798	202,928	51,309	1,316,342
Fund Balances at End of Year	<u>\$ 2,527</u>	<u>\$ 588</u>	<u>\$ 1,439</u>	<u>\$ 172,917</u>	<u>\$ 2,429</u>	<u>\$ 2,806</u>	<u>\$ 182,706</u>	<u>\$ 53,019</u>	<u>\$ 1,457,087</u>

TOWN OF EAST HADDAM, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ 150,415	\$ 380,037	\$ 372,851	\$ 157,601
Liabilities:				
Due to student groups	\$ 150,415	\$ 380,037	\$ 372,851	\$ 157,601
Driveway Bonds				
Assets:				
Cash and cash equivalents	\$ 96,648	\$ 4,500	\$ 3,000	\$ 98,148
Liabilities:				
Due to contractors and others	\$ 96,648	\$ 4,500	\$ 3,000	\$ 98,148
Total				
Assets:				
Cash and cash equivalents	\$ 247,063	\$ 384,537	\$ 375,851	\$ 255,749
Liabilities:				
Due to student groups, contractors and others	\$ 247,063	\$ 384,537	\$ 375,851	\$ 255,749

TOWN OF EAST HADDAM, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2009

(in Thousands)

Total tax collections (including interest and lien fees) received by
Treasurer for year ended June 30, 2009 \$ 20,135

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 45,304	\$	\$	\$	\$
4-1/2 times base		90,608			
3-3/4 times base			75,506		
3-1/4 times base				65,439	
3 times base					60,405
Total debt limitation	<u>45,304</u>	<u>90,608</u>	<u>75,506</u>	<u>65,439</u>	<u>60,405</u>
Indebtedness:					
Bonds payable	481	17,884	575		
Bonds authorized - unissued	4,500	4,540	15		
Building grants receivable		(1,033)			
Total indebtedness	<u>4,981</u>	<u>21,391</u>	<u>590</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 40,323</u>	<u>\$ 69,217</u>	<u>\$ 74,916</u>	<u>\$ 65,439</u>	<u>\$ 60,405</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$140,945).

TOWN OF EAST HADDAM, CONNECTICUT

BOND PAYMENT SCHEDULE

JUNE 30, 2009

55

Fiscal Year	May 15, 2008 Bonds		May 1, 2003 Refunded Bonds		August 15, 1998 Bonds		Clean Water Loan		Gross Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 625,000	\$ 631,906	\$ 265,000	\$ 33,935	\$ 535,000	\$ 60,150	\$ 82,177	\$ 11,094	\$ 1,507,177	\$ 737,085
2011	625,000	611,594	255,000	25,985	530,000	36,075	82,177	9,450	1,492,177	683,104
2012	625,000	591,282	250,000	17,570	260,000	11,960	82,177	7,807	1,217,177	628,619
2013	750,000	570,969	245,000	8,820			82,177	6,163	1,077,177	585,952
2014	775,000	546,594					82,177	4,520	857,177	551,114
2015	900,000	509,782					82,178	2,876	982,178	512,658
2016	900,000	480,532					82,177	1,233	982,177	481,765
2017	910,000	450,156							910,000	450,156
2018	920,000	416,031							920,000	416,031
2019	920,000	372,331							920,000	372,331
2020	925,000	335,531							925,000	335,531
2021	925,000	298,531							925,000	298,531
2022	925,000	261,531							925,000	261,531
2023	925,000	224,531							925,000	224,531
2024	875,000	186,375							875,000	186,375
2025	875,000	150,281							875,000	150,281
2026	875,000	113,093							875,000	113,093
2027	875,000	75,906							875,000	75,906
2028	875,000	38,281							875,000	38,281
	<u>\$ 16,025,000</u>	<u>\$ 6,865,237</u>	<u>\$ 1,015,000</u>	<u>\$ 86,310</u>	<u>\$ 1,325,000</u>	<u>\$ 108,185</u>	<u>\$ 575,240</u>	<u>\$ 43,143</u>	<u>\$ 18,940,240</u>	<u>\$ 7,102,875</u>