

TOWN OF EAST HADDAM, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2010

TOWN OF EAST HADDAM, CONNECTICUT

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Independent Auditors' Report

To the Board of Finance
Town of 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 (the Town) as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 as of June 30, 2010 and the respective changes in financial position 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 November 6, 2010 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 9 and the budgetary comparison information on pages 40 through 44, are not required parts 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'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.

November 6, 2010

TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

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, 2010. 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 increased by \$614 thousand or .95%.
- During the year, the Town had expenses that were \$614 thousand more than the \$30 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$29 million.
- The General Fund reported a fund balance this year of \$5.2 million, which represents 18.8% of General Fund expenditures and transfers out.
- The resources available for appropriation were \$736 thousand less than budgeted for the General Fund.

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 increased from \$63,903,984 to \$64,517,870. 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	
	2010	2009
Current and other assets	\$ 17,257,062	\$ 21,196,130
Capital assets	70,335,625	68,864,785
Total assets	<u>87,592,687</u>	<u>90,060,915</u>
Long-term debt outstanding	18,560,348	20,027,826
Other liabilities	4,514,469	6,129,105
Total liabilities	<u>23,074,817</u>	<u>26,156,931</u>
Net assets:		
Invested in capital assets, net of debt	49,660,747	47,581,880
Restricted	440,380	440,990
Unrestricted	<u>14,416,743</u>	<u>15,881,114</u>
Total Net Assets	<u>\$ 64,517,870</u>	<u>\$ 63,903,984</u>

- Net assets of the Town’s governmental activities increased by .95%. 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 \$15,881,114 at June 30, 2009 to \$14,416,743 at the end of this year. The decrease is substantially attributed to the Town’s \$1,688,705 open space acquisition that was not bonded until August 2010. The component “invested in capital assets net of debt” increased by \$2,078,867. A significant amount of this increase was due to the open space acquisition.

**TABLE 2
CHANGE IN NET ASSETS**

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 1,166,685	\$ 1,129,972
Operating grants and contributions	7,163,073	7,187,395
Capital grants and contributions	286,226	1,198,458
General revenues:		
Property taxes	20,076,823	20,189,531
Grants and contributions not restricted to specific purposes	122,901	134,141
Unrestricted investment earnings	1,000,450	(935,794)
Other general revenues	114,982	151,719
Total revenues	<u>29,931,140</u>	<u>29,055,422</u>
Program expenses:		
General government	2,234,968	2,267,709
Public safety	850,342	830,983
Public works	2,727,053	2,714,822
Health and welfare	383,616	309,187
Recreation and leisure	378,865	473,319
Education	21,830,720	23,696,359
Interest on long-term debt	911,690	849,968
Total program expenses	<u>29,317,254</u>	<u>31,142,347</u>
Increase (Decrease) in Net Assets	<u>\$ 613,886</u>	<u>\$ (2,086,925)</u>

The Town's total revenues were \$29,931,140. The total cost of all programs and services was \$29,317,254. Our analysis below considers the operations of governmental activities.

Governmental Activities

Approximately 67.1% of the revenues were derived from property taxes, followed by 23.9% from operating grants and contributions, then 3.9% from charges for services. Major revenue factors included:

- The mill rate for fiscal years 2010 and 2009 was 20.55.
- The Town's capital grants and contributions decreased from \$1,198,458 to \$286,226, mostly due to the completion of the construction of the new 4-8 Middle School.

For Governmental Activities, 74.5% of the Town's expenditures relate to education, 9.3% relate to public works and 7.6% to general government.

The Town has provided for carryforward appropriations in the amount of \$746,266.

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**

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
General government	\$ 2,234,968	\$ 2,267,709	\$ 1,779,633	\$ 1,889,088
Public safety	850,342	830,983	832,184	808,673
Public works	2,727,053	2,714,822	2,211,765	1,892,094
Health and welfare	383,616	309,187	323,528	106,297
Recreation and leisure	378,865	473,319	184,850	294,411
Education	21,830,720	23,696,359	14,496,686	15,838,414
Other	911,690	849,968	872,624	797,545
Totals	<u>\$ 29,317,254</u>	<u>\$ 31,142,347</u>	<u>\$ 20,701,270</u>	<u>\$ 21,626,522</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 \$11,913,048, which is a decrease from last year’s total of \$13,919,912. The decrease in combined fund balance is largely attributed to the Town’s purchase of open space in the amount of \$1.7 million that has since been replenished from a bond issuance in August 2010.

General Fund Budgetary Highlights

During the 2009-2010 fiscal year, the Town realized a reduction in interest income. The reduction is attributed to lower interest rates and the reduction of available funds for investing because of the purchase of open space (\$1.7 million) that was not bonded for until August 2010.

The resources available for appropriation were \$736 thousand less than budgeted for the General Fund. This is largely a result of the State of Connecticut supplanting Education Cost Sharing (ECS) monies with American Recovery and Reinvestment Act (ARRA) monies. The ARRA monies are reflected as a shortfall in State Education revenues to the Town with a corresponding positive year end expense variance for Education.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the Town had \$70.3 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 \$1.47 million is 2.1% over last year.

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

	Governmental Activities	
	2010	2009
Land	\$ 5,509	\$ 3,256
Building and improvements	50,454	50,855
Furniture and equipment	2,778	3,079
Infrastructure	11,510	11,622
Construction in progress	85	53
Totals	\$ 70,336	\$ 68,865

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

Open space acquisitions	\$ 1,688,705
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More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

TABLE 5
OUTSTANDING DEBT, AT YEAR END

	Governmental Activities	
	2010	2009
General obligation bonds	\$ 16,926,817	\$ 18,344,869
Notes payable	493,061	575,239
Total	\$ 17,419,878	\$ 18,920,108

At June 30, 2010, the Town had \$17,419,878 in bonds and notes outstanding versus \$18,920,108 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 \$140.0 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 adopting the fiscal year 2010-2011 General Fund budget:

- Revenue: The Town anticipated lower state, federal and local revenue and as a result reduced General Fund budgeted expenditures by \$17,853 and utilized reserves for capital projects, resulting in an increase in budgeted property taxes of \$336,804 or a mill rate increase of .32. The mill rate for fiscal year 2010-11 is 20.87.
- Reserves: The Town has been prudent with regard to setting aside funds for long-range capital improvements and debt service. The 2010-11 budget provides for utilizing \$1 million from the Reserve for Capital Projects for capital improvements for two of our schools as well as public works needs. In addition, the budget provides for the establishment of two new reserves - one for Education to provide for future Education capital needs and the other for the future purchase of an ambulance.

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, 2010

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 9,508,210
Investments	6,204,391
Receivables, net	1,542,791
Inventory	1,670
Capital assets not being depreciated	5,593,665
Capital assets being depreciated, net	64,741,960
Total assets	<u>87,592,687</u>
Liabilities:	
Accounts and other payables	1,086,106
Unearned revenue	85,146
Bond anticipation notes	3,255,000
Deferred credits	88,217
Noncurrent liabilities:	
Due within one year	1,867,474
Due in more than one year	16,692,874
Total liabilities	<u>23,074,817</u>
Net Assets:	
Invested in capital assets, net of related debt	49,660,747
Restricted for:	
Nonexpendable	440,380
Unrestricted	14,416,743
Total Net Assets	<u>\$ 64,517,870</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, 2010

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	\$ 2,234,968	\$ 452,985	\$ 2,350	\$	\$ (1,779,633)
Public safety	850,342	14,621	3,537		(832,184)
Public works	2,727,053	229,062		286,226	(2,211,765)
Health and welfare	383,616		60,088		(323,528)
Recreation and leisure	378,865	194,015			(184,850)
Education	21,830,720	276,002	7,058,032		(14,496,686)
Interest on long-term debt	911,690		39,066		(872,624)
Total	\$ 29,317,254	\$ 1,166,685	\$ 7,163,073	\$ 286,226	(20,701,270)
General revenues:					
Property taxes					20,076,823
Grants and contributions not restricted to specific programs					122,901
Unrestricted net investment losses					1,000,450
Other					114,982
Total general revenues					21,315,156
Change in net assets					613,886
Net Assets at Beginning of Year					63,903,984
Net Assets at End of Year					\$ 64,517,870

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HADDAM, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General</u>	<u>Reserve for Capital Projects</u>	<u>Middle School</u>	<u>A.E. Purple Fund</u>	<u>Open Space Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 4,695,281	\$ 3,560,662	\$ 2,454	\$ 79,639	\$ 79,158	\$ 1,048,261	\$ 9,465,455
Investments				5,327,021		877,370	6,204,391
Receivables, net	1,487,638					55,153	1,542,791
Due from other funds	2,138,781	794,884	585,649	10,303		115,959	3,645,576
Inventories						1,670	1,670
Total Assets	<u>\$ 8,321,700</u>	<u>\$ 4,355,546</u>	<u>\$ 588,103</u>	<u>\$ 5,416,963</u>	<u>\$ 79,158</u>	<u>\$ 2,098,413</u>	<u>\$ 20,859,883</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$ 872,723	\$	\$ 8,936	\$	\$	\$ 103,568	\$ 985,227
Due to other funds	1,266,491		240,304		1,688,705	450,076	3,645,576
Deferred revenue	978,943					82,089	1,061,032
Bond anticipation notes payable			3,255,000				3,255,000
Total liabilities	<u>3,118,157</u>	<u>-</u>	<u>3,504,240</u>	<u>-</u>	<u>1,688,705</u>	<u>635,733</u>	<u>8,946,835</u>
Fund balances:							
Reserved				400,000		42,050	442,050
Unreserved, reported in:							
General Fund	5,203,543						5,203,543
Special Revenue Funds					(1,609,547)	1,415,322	(194,225)
Capital Project Funds		4,355,546	(2,916,137)			(142,347)	1,297,062
Permanent Funds				5,016,963		147,655	5,164,618
Total fund balances	<u>5,203,543</u>	<u>4,355,546</u>	<u>(2,916,137)</u>	<u>5,416,963</u>	<u>(1,609,547)</u>	<u>1,462,680</u>	<u>11,913,048</u>
Total Liabilities and Fund Balances	<u>\$ 8,321,700</u>	<u>\$ 4,355,546</u>	<u>\$ 588,103</u>	<u>\$ 5,416,963</u>	<u>\$ 79,158</u>	<u>\$ 2,098,413</u>	<u>\$ 20,859,883</u>

(Continued on next page)

TOWN OF EAST HADDAM, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

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)	\$ 11,913,048
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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	\$ 89,096,654	
Less accumulated depreciation	<u>(18,761,029)</u>	
Net capital assets		70,335,625

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	224,350
Interest receivable on property taxes	59,259
Loan receivables	13,000
Receivable from the state for school construction projects	679,277

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.

	31,533
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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	(17,433,061)
Interest payable on bonds and notes	(89,657)
Compensated absences	(1,020,632)
Bond premium	(88,217)
Deferred charges on refunding	13,183
Termination benefits	(70,549)
Net OPEB obligation	<u>(49,289)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 64,517,870</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, 2010

	General	Reserve for Capital Projects	Middle School	A.E. Purple Fund	Open Space Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes	\$ 20,045,882	\$	\$	\$	\$	\$	\$ 20,045,882
Intergovernmental	6,102,332					1,278,552	7,380,884
Charges for services	638,485					528,150	1,166,635
Income on investments	138,288	72,591	179	683,947	496	104,921	1,000,422
Miscellaneous	222,831		9,500			404,387	636,718
Total revenues	<u>27,147,818</u>	<u>72,591</u>	<u>9,679</u>	<u>683,947</u>	<u>496</u>	<u>2,316,010</u>	<u>30,230,541</u>
Expenditures:							
Current:							
General government	2,028,426					918	2,029,344
Public safety	729,445						729,445
Public works	1,716,485					168,525	1,885,010
Health and welfare	301,535					27,026	328,561
Recreation and leisure	307,896					63,046	370,942
Education	19,179,294			33,731		1,878,111	21,091,136
Debt service	2,253,262		158,288				2,411,550
Contingency	20,602						20,602
Capital outlay	964,546		581,096		1,688,705	155,432	3,389,779
Total expenditures	<u>27,501,491</u>	<u>-</u>	<u>739,384</u>	<u>33,731</u>	<u>1,688,705</u>	<u>2,293,058</u>	<u>32,256,369</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(353,673)</u>	<u>72,591</u>	<u>(729,705)</u>	<u>650,216</u>	<u>(1,688,209)</u>	<u>22,952</u>	<u>(2,025,828)</u>
Other Financing Sources (Uses):							
Premium on BAN			18,964				18,964
Transfers in	1,594,838	1,584,090	733,956		5,000	154,000	4,071,884
Transfers out	<u>(2,182,956)</u>	<u>(1,250,000)</u>	<u>(240,304)</u>	<u>(300,927)</u>		<u>(97,697)</u>	<u>(4,071,884)</u>
Total other financing sources (uses)	<u>(588,118)</u>	<u>334,090</u>	<u>512,616</u>	<u>(300,927)</u>	<u>5,000</u>	<u>56,303</u>	<u>18,964</u>
Net Change in Fund Balances	(941,791)	406,681	(217,089)	349,289	(1,683,209)	79,255	(2,006,864)
Fund Balances at Beginning of Year	<u>6,145,334</u>	<u>3,948,865</u>	<u>(2,699,048)</u>	<u>5,067,674</u>	<u>73,662</u>	<u>1,383,425</u>	<u>13,919,912</u>
Fund Balances at End of Year	<u>\$ 5,203,543</u>	<u>\$ 4,355,546</u>	<u>\$ (2,916,137)</u>	<u>\$ 5,416,963</u>	<u>\$ (1,609,547)</u>	<u>\$ 1,462,680</u>	<u>\$ 11,913,048</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, 2010

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)	\$ (2,006,864)
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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	3,419,605
Depreciation expense	(1,290,129)

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. (658,636)

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	(354,235)
Property tax receivable - accrual basis change	18,344
Property tax interest and lien revenue - accrual basis change	12,597

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	1,507,178
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	(47,245)
Accrued interest	(370)
Amortization of deferred charge on refunding	(6,948)
Termination payments	38,431
Net OPEB expense	(23,938)

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>1,195</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 613,886</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, 2010

	<u>Governmental Activities Internal Service Funds</u>
Assets:	
Cash and cash equivalents	\$ 42,755
Liabilities:	
Accounts and other payables	<u>11,222</u>
Net Assets:	
Unrestricted	<u><u>\$ 31,533</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, 2010

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Employer contribution	\$ 32,860
Employee contributions	43,222
Total operating revenues	<u>76,082</u>
Operating Expenses:	
Administrative expense	6,902
Employee benefits	68,013
Total operating expenses	<u>74,915</u>
Operating Income	1,167
Nonoperating Revenue:	
Income on investments	<u>28</u>
Change in Net Assets	1,195
Net Assets at Beginning of Year	<u>30,338</u>
Net Assets at End of Year	<u>\$ 31,533</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, 2010

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from employees and employer	\$ 76,082
Cash payments to providers of benefits and administration	(74,237)
Net cash provided by operating activities	1,845
Cash Flows from Investing Activities:	
Income on investments	28
Net Increase in Cash and Cash Equivalents	1,873
Cash and Cash Equivalents at Beginning of Year	40,882
Cash and Cash Equivalents at End of Year	\$ 42,755
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,167
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in accounts payable	678
Net Cash Provided by Operating Activities	\$ 1,845

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, 2010

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$	\$ 260,749
Investments	<u>1,593,337</u>	<u> </u>
Total assets	1,593,337	<u>\$ 260,749</u>
Liabilities:		
Accounts and other payables	<u> </u>	<u>\$ 260,749</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 1,593,337</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, 2010

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 87,117
Plan members	151,028
Total contributions	<u>238,145</u>
Investment income:	
Interest and dividends	<u>91,177</u>
Total additions	329,322
Deductions:	
Benefits	<u>42,350</u>
Net Increase	286,972
Net Assets at Beginning of Year	<u>1,306,365</u>
Net Assets at End of Year	<u>\$ 1,593,337</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, 2010

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.

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.

The Open Space Fund is used to account for purchases of land bought by the Town.

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 the 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 \$26,638 has been established as an allowance for uncollectible taxes. At June 30, 2010, this represents 9.40% 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, 2010 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 \$1,020,632. The General Fund generally funds the cost associated with compensated absences.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

The First Selectman distributes forms to Town Officials who compile annual budget requests and return them to the First Selectman. 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 and referendum. 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 \$1,673,684 in supplemental appropriations during the year, and carryover appropriations to fiscal year 2011 are \$746,266.

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 \$1,372,789.

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*, \$9,918,385 of the Town’s bank balance of \$10,906,034 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,876,546
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,041,839</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 9,918,385</u></u>

Cash Equivalents

At June 30, 2010, the Town's cash equivalents amounted to \$55,828. 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, 2010, 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	*	\$ 99,669	\$ 99,669		\$
Corporate bonds	AA2	8,543		8,543	
U.S. government obligations	N/A	<u>197,141</u>	<u>7,329</u>	<u>81,895</u>	<u>107,917</u>
Total		305,353	<u>\$ 106,998</u>	<u>\$ 90,438</u>	<u>\$ 107,917</u>
Other investments:					
Common stock		3,692,967			
Pension investments held by insurance company		1,593,337			
Mutual funds		<u>2,206,071</u>			
Total Investments		\$ <u>7,797,728</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, 2010, the Town had \$3,692,967 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	\$ 59,259	\$	\$ 59,259
Taxes	283,707		283,707
Accounts	492,033	5,501	497,534
Intergovernmental	<u>679,277</u>	<u>49,652</u>	<u>728,929</u>
Gross receivables	1,514,276	55,153	1,569,429
Less allowance for uncollectibles	<u>(26,638)</u>		<u>(26,638)</u>
Net Total Receivables	<u>\$ 1,487,638</u>	<u>\$ 55,153</u>	<u>\$ 1,542,791</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	\$ 224,350	\$	\$ 224,350
Accrued interest on delinquent property tax	59,259		59,259
Other revenue unearned		15,461	15,461
Grant drawdowns prior to meeting all eligibility requirements		69,685	69,685
School building grants	679,277		679,277
Loans receivable	<u>13,000</u>		<u>13,000</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 975,886</u>	<u>\$ 85,146</u>	<u>\$ 1,061,032</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 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	\$ 3,255,870	\$ 2,252,809	\$	\$ 5,508,679
Construction in progress	52,805	84,986	(52,805)	84,986
Total capital assets not being depreciated	<u>3,308,675</u>	<u>2,337,795</u>	<u>(52,805)</u>	<u>5,593,665</u>
Capital assets being depreciated:				
Buildings and improvements	61,416,939	330,068	(133,929)	61,613,078
Furniture and equipment	6,250,767	470,534	(721,225)	6,000,076
Infrastructure	16,293,263	334,013	(737,441)	15,889,835
Total capital assets being depreciated	<u>83,960,969</u>	<u>1,134,615</u>	<u>(1,592,595)</u>	<u>83,502,989</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,561,915)	(637,007)	39,335	(11,159,587)
Furniture and equipment	(3,171,342)	(356,312)	305,767	(3,221,887)
Infrastructure	(4,671,602)	(296,810)	588,857	(4,379,555)
Total accumulated depreciation	<u>(18,404,859)</u>	<u>(1,290,129)</u>	<u>933,959</u>	<u>(18,761,029)</u>
Total capital assets being depreciated, net	<u>65,556,110</u>	<u>(155,514)</u>	<u>(658,636)</u>	<u>64,741,960</u>
Governmental Activities Capital Assets, Net	<u>\$ 68,864,785</u>	<u>\$ 2,182,281</u>	<u>\$ (711,441)</u>	<u>\$ 70,335,625</u>

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

Governmental activities:	
General government	\$ 155,427
Public safety	111,949
Public works	410,515
Health and welfare	45,490
Recreation and leisure	4,150
Education	<u>562,598</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,290,129</u>

Construction Commitments

The status of appropriations for the various capital projects as of June 30, 2010 is presented below:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Balance</u>
Middle School Project	\$ 35,182,028	\$ 34,999,427	\$	\$ 182,601

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 interfund balances as of June 30, 2010 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	115,959
Reserve for Capital Projects Fund	General Fund	554,580
Reserve for Capital Projects Fund	Middle School	240,304
Middle School	General Fund	585,649
General Fund	Open Space Fund	1,688,705
General Fund	Nonmajor governmental funds	<u>450,076</u>
 Total		 <u>\$ 3,645,576</u>

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

Interfund transfers:

	<u>Transfers In</u>					<u>Total</u>
	<u>General Fund</u>	<u>Reserve for Capital Projects</u>	<u>Middle School</u>	<u>Open Space Fund</u>	<u>Nonmajor Governmental</u>	
Transfers out:						
General Fund	\$	\$ 1,290,000	\$ 733,956	\$ 5,000	\$ 154,000	\$ 2,182,956
Reserve for Capital Projects	1,250,000					1,250,000
Middle School		240,304				240,304
A.E. Purple Fund	300,927					300,927
Nonmajor governmental fund	<u>43,911</u>	<u>53,786</u>				<u>97,697</u>
 Total	 \$ <u>1,594,838</u>	 \$ <u>1,584,090</u>	 \$ <u>733,956</u>	 \$ <u>5,000</u>	 \$ <u>154,000</u>	 <u>\$ 4,071,884</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, 2010 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	\$ 18,365,000	\$	\$ 1,425,000	\$ 16,940,000	\$ 1,410,000
Clean Water notes	575,239		82,178	493,061	82,177
Less deferred amounts:					
Refunding bonds	<u>(20,131)</u>		<u>(6,948)</u>	<u>(13,183)</u>	
Total bonds payable	18,920,108	-	1,500,230	17,419,878	1,492,177
OPEB liability	25,351	23,938		49,289	
Compensated absences	973,387	47,245		1,020,632	334,926
Termination benefits	<u>108,980</u>	<u>60,355</u>	<u>98,786</u>	<u>70,549</u>	<u>40,371</u>
Governmental Activity Long-Term Liabilities	<u>\$ 20,027,826</u>	<u>\$ 131,538</u>	<u>\$ 1,599,016</u>	<u>\$ 18,560,348</u>	<u>\$ 1,867,474</u>

A schedule of bonds and notes outstanding at June 30, 2010 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, 2010</u>
Bonds and notes:					
School	2008	2028	3.5-4.7	\$ 16,150,000	\$ 14,938,700
Open Space	2008	2028	3.5-4.7	500,000	461,300
School	2003	2013	2.0-3.6	2,760,000	750,000
Schools	1998	2012	3.9-4.6	6,105,000	790,000
Sewer	1997	2016	3.9-4.6	1,561,364	<u>493,061</u>
Total Outstanding					<u>\$ 17,433,061</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,492,177	\$ 683,104
2012	1,217,177	628,619
2013	1,077,177	585,952
2014	857,177	551,114
2015	982,177	512,657
2016-2020	4,657,176	2,055,813
2021-2025	4,525,000	1,121,249
2026-2028	2,625,000	227,281
Total	\$ <u>17,433,061</u>	\$ <u>6,365,789</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	3,255,000	15,043,000*
Total	\$ <u>40,695,048</u>	\$ <u>17,881,364</u>	\$ <u>3,255,000</u>	\$ <u>19,558,684</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, 2010:

Capital Project Funds

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2010</u>
Middle School	11-13-09	08-12-09	1.77	\$ 4,540,000	\$	\$ 4,540,000	\$ -
Middle School	08-12-09	05-11-10	1.49		3,325,000	3,325,000	-
Middle School	05-11-10	08-11-10	.75		3,255,000		3,255,000
Total				\$ <u>4,540,000</u>	\$ <u>6,580,000</u>	\$ <u>7,865,000</u>	\$ <u>3,255,000</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	\$ 45,140	\$ 4,961	\$ 40,179
Schools	90,279	19,055	71,224
Sewers	75,233	508	74,725
Urban renewal	65,202		65,202
Pension deficit	60,186		60,186

* In no case shall total indebtedness exceed seven times annual receipts from taxation (\$140,434).

** 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 \$224,747, and the amount for the Board of Education is \$795,884. This is an increase of \$47,245 from the previous year. The Board of Education has liabilities of \$70,549 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 2010, expenses of \$74,915 were paid for benefits, insurance premiums and administration. Incurred but not reported health claims of \$11,222 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>
2008-2009	\$ 10,250	\$ 59,121	\$ 58,827	\$ 10,544
2009-2010	10,544	63,691	63,013	11,222

9. 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 5.0%, respectively, of annual compensation) and the employee (minimum 2% of annual compensation to a maximum 13%). Currently, there are 81 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 \$144,357 and employer contributions were \$96,779 to the plan. These amounts represent 5.62% and 3.77% of covered payroll of \$2,537,540. Total Town payroll amounted to \$13,653,117.

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 9.0% 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, 2010, 2009 and 2008 were \$ 45,734, \$47,025 and \$44,679, 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 \$8,874,273 or 75.4% of the total Town and Board of Education payroll of \$11,770,320.

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, 2010, the Town has recorded, in the General Fund, intergovernmental revenue and educational expenditures in the amount of \$1,372,789 as payments made by the State of Connecticut on behalf of the Town.

10. 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	<u>25</u>
Total Participants	<u><u>211</u></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)	\$ 74,828
Interest on net OPEB obligation	1,141
Adjustment to annual required contribution	<u>(1,081)</u>
Annual OPEB cost	74,888
Contributions made	<u>50,950</u>
Increase in net OPEB obligation	23,938
Net OPEB obligation, beginning of year	<u>25,351</u>
Net OPEB Obligation, End of Year	<u><u>\$ 49,289</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 following two fiscal years are presented below. Data is only presented for the last two fiscal years due to the date of implementation.

<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>
6/30/10	\$ 74,888	\$ 50,950	68.04%	\$ 49,289
6/30/09	72,094	46,743	64.84	25,351

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.

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (OAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>OAAL as a percentage of Covered Payroll (b-a)/c</u>
7/1/2009	\$ -	\$ 877,042	\$ 877,042	0 %	10,822,484	8.1 %
7/1/2010	-	850,711	850,771	0	10,507,266	8.1

Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
6/30/2010 \$	50,950 \$	74,828	68.1 %
6/30/2009	46,743	72,094	64.8

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 latest actuarial valuation, June 30, 2009, 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.

11. FUND DEFICITS

The Middle School Fund, a major capital projects fund, has a deficit fund balance of \$2,916,137 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 Open Space Fund, a major special revenue fund, has a deficit fund balance of \$1,609,547 which will be funded from a future bond issue to take place in fiscal year 2010.

The Bridge Construction Fund, a nonmajor capital projects fund, has a deficit fund balance of \$224,494 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.

12. 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.

13. SUBSEQUENT EVENTS

The Town of East Haddam issued general obligation bonds on August 11, 2010 for \$4,545,000 with an interest rate of 2.0 to 3.75% and a maturity date of August 1, 2030 for the Middle School and Open Space Properties. The Town further issued bond anticipation notes on August 11, 2010 for \$720,000 with an interest rate of 1.5% maturing on August 10, 2011.

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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property taxes:				
Current and prior years' levies	\$ 19,983,456	\$ 19,983,456	\$ 19,913,873	\$ (69,583)
Interest and penalties	90,000	90,000	121,798	31,798
Other taxes	8,000	8,000	10,211	2,211
Total property taxes	<u>20,081,456</u>	<u>20,081,456</u>	<u>20,045,882</u>	<u>(35,574)</u>
Intergovernmental revenues:				
General government:				
State Highway - Town Aid Road	122,595	122,595	169,495	46,900
Tax relief veterans, elderly and disabled	62,300	62,300	66,810	4,510
School bond - principal	348,518	348,518	354,234	5,716
School bond - interest	41,113	41,113	39,066	(2,047)
PILOT State property	23,148	23,148	24,595	1,447
Miscellaneous allotments	75,000	75,000	8,603	(66,397)
Emergency Management Grant	4,100	4,100	3,348	(752)
Local Capital Improvement Program	90,575	90,575	89,231	(1,344)
Casino funds	36,930	36,930	22,893	(14,037)
Senior Transportation Grant	31,354	31,354	31,988	634
PILOT - Goodspeed Opera House	25,000	25,000	25,036	36
Education:				
Education Cost Sharing/Special				
Education Grant	3,718,223	3,718,223	3,178,943	(539,280)
Transportation	118,837	118,837	77,752	(41,085)
Adult Education	4,884	4,884	5,118	234
Services for the Blind	8,633	8,633		(8,633)
Total intergovernmental revenues	<u>4,711,210</u>	<u>4,711,210</u>	<u>4,097,112</u>	<u>(614,098)</u>
Investment and interest income:				
Health insurance investment interest	2,000	2,000		(2,000)
Investment income	200,000	200,000	138,288	(61,712)
Total investment and interest income	<u>202,000</u>	<u>202,000</u>	<u>138,288</u>	<u>(63,712)</u>
Local revenue:				
Police special duty	22,493	22,493	14,066	(8,427)
Sanitation/Transfer Station	110,000	110,000	90,214	(19,786)
Sales and refunds	5,000	5,000	361	(4,639)
Rents	15,900	15,900	11,723	(4,177)
Conveyance tax	100,000	100,000	113,441	13,441
Preservation revenue	8,100	8,100	4,121	(3,979)
Surcharge PA05-228 revenue	81,000	81,000	82,360	1,360
Animal Control	200	200	435	235

(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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Local revenue (continued):				
Assessor fees	\$ 500	\$ 500	\$ 573	\$ 73
Zoning Board of Appeals	2,500	2,500	1,360	(1,140)
Historic District permits	300	300	350	50
Telecommunications	49,700	49,700	28,005	(21,695)
Land Use Offices permit fees	20,450	20,450	34,932	14,482
Building Department	100,000	100,000	99,931	(69)
Town Clerk licenses	21,000	21,000	32,826	11,826
Town Clerk fees	85,000	85,000	80,971	(4,029)
Economic Development Commission	3,700	3,700	2,925	(775)
Fire permits	250	250	120	(130)
Other	2,300	2,300	39,771	37,471
Total local revenue	<u>628,393</u>	<u>628,393</u>	<u>638,485</u>	<u>10,092</u>
Other:				
Ray School Corporation	206,732	206,732	206,732	-
Helon Cone Trust	15,345	15,345	16,099	754
Total other	<u>222,077</u>	<u>222,077</u>	<u>222,831</u>	<u>754</u>
Total revenues	<u>25,845,136</u>	<u>25,845,136</u>	<u>25,142,598</u>	<u>(702,538)</u>
Other financing sources:				
Transfers from other funds:				
Albert E. Purple Fund	300,927	300,927	300,927	-
Reserve for Capital Projects	1,250,000	1,250,000	1,250,000	-
Recreation	40,000	40,000	3,124	(36,876)
Palmer Fund	38,000	38,000	40,787	2,787
Total other financing sources	<u>1,628,927</u>	<u>1,628,927</u>	<u>1,594,838</u>	<u>(34,089)</u>
Total Revenues and Other Financing Sources	\$ <u>27,474,063</u>	\$ <u>27,474,063</u>	26,737,436	\$ <u>(736,627)</u>

Budgetary revenues are different than GAAP revenues because:

Proceeds from bonds

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

1,372,789

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

632,431

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

\$ 28,742,656

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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General Government:				
Selectmen	\$ 117,432	\$ 117,432	\$ 118,187	\$ (755)
Town Clerk	195,516	195,516	203,121	(7,605)
Probate Court	2,491	2,491	1,431	1,060
Board of Finance	141,655	141,655	145,135	(3,480)
Elections and registrars	35,792	35,792	27,114	8,678
Town Office Building	64,474	64,474	59,722	4,752
Assessor	109,869	109,869	105,699	4,170
Board of Assessment Appeals	1,315	1,315	624	691
Tax Collector	95,781	98,281	99,077	(796)
Treasurer	15,644	15,644	15,619	25
Legal Services	43,700	43,700	83,073	(39,373)
Historic District Commission	1,443	1,443	1,520	(77)
Town Hall maintenance	2,575	2,575	1,925	650
MS Conversion Committee	3,025	3,025	848	2,177
Insurance	166,476	166,476	150,618	15,858
Zoning Board of Appeals	5,993	5,993	5,758	235
Planning and Zoning/Land Use Office	195,343	195,343	191,811	3,532
Technology	64,266	64,266	86,423	(22,157)
Fringe Benefits	679,651	679,651	588,828	90,823
Conservation Commission	1,518	1,518	1,110	408
River House/Annex Maintenance	8,950	8,950	8,102	848
Economic Development Commission	29,110	29,110	27,851	1,259
Open Space Committee	15,400	15,400	11,520	3,880
Grange Hall	7,100	7,100	6,114	986
Millington School House maintenance	500	500	541	(41)
Old Middle School/New Town Office	86,290	86,290	79,473	6,817
Village District Commission		7,501		7,501
Total general government	<u>2,091,309</u>	<u>2,101,310</u>	<u>2,021,244</u>	<u>80,066</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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Public safety:				
Ambulance Association	\$ 40,000	\$	\$	\$ -
Fire Department	221,774	221,774	220,127	1,647
Fire Marshal	22,381	22,381	19,459	2,922
Police officers	136,956	141,156	126,561	14,595
Resident troopers	189,481	189,481	178,200	11,281
Emergency management	59,031	59,031	54,656	4,375
Animal Control	23,727	23,727	24,134	(407)
Building Department	108,152	108,152	106,429	1,723
Total public safety	<u>801,502</u>	<u>765,702</u>	<u>729,566</u>	<u>36,136</u>
Public works:				
General highways	920,193	920,193	897,405	22,788
Snow removal	224,550	224,550	218,971	5,579
Transfer Station	586,654	586,654	551,286	35,368
Town garage maintenance	50,512	50,512	42,364	8,148
Total public works	<u>1,781,909</u>	<u>1,781,909</u>	<u>1,710,026</u>	<u>71,883</u>
Health and welfare:				
Health District	71,966	71,966	72,206	(240)
Cemeteries		5,000	2,685	2,315
Senior Services	104,052	104,052	90,396	13,656
Human services	3,320	3,320	3,320	-
Youth and Family Services	133,371	133,371	133,371	-
Total health and welfare	<u>312,709</u>	<u>317,709</u>	<u>301,978</u>	<u>15,731</u>
Recreation and leisure:				
Greens maintenance	6,900	6,900	7,080	(180)
Recreation Commission	132,871	132,871	130,428	2,443
Public Libraries	166,926	166,926	166,926	-
Total recreation and leisure	<u>306,697</u>	<u>306,697</u>	<u>304,434</u>	<u>2,263</u>
Board of Education	<u>17,754,181</u>	<u>17,754,181</u>	<u>17,174,074</u>	<u>580,107</u>
Other:				
Contingency Fund	<u>90,000</u>	<u>60,000</u>	<u>20,602</u>	<u>39,398</u>
Debt service	<u>2,237,356</u>	<u>2,237,356</u>	<u>2,253,262</u>	<u>(15,906)</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, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Capital improvements:				
Current	\$ 701,900	\$ 700,200	\$ 620,506	\$ 79,694
Carryovers:				
General government		73,164	21,722	51,442
Fire Department		3,000	3,000	-
Animal Control		6,264	8,409	(2,145)
General highways		366,709	220,361	146,348
Police Officers		3,100	855	2,245
Transfer Station		5,850	4,032	1,818
Education		477,690	84,001	393,689
Recreation		3,950	1,660	2,290
Total capital improvements	<u>701,900</u>	<u>1,639,927</u>	<u>964,546</u>	<u>675,381</u>
Total expenditures	<u>26,077,563</u>	<u>26,964,791</u>	<u>25,479,732</u>	<u>1,485,059</u>
Other financing uses:				
Transfers to other funds:				
Reserve for Capital Projects	1,250,000	1,290,000	1,290,000	-
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		733,956	733,956	-
Middle School Conversion		12,500	12,500	-
Cafeteria Fund	21,500	21,500	21,500	-
Total other financing uses	<u>1,396,500</u>	<u>2,182,956</u>	<u>2,182,956</u>	<u>-</u>
Total Budgetary Expenditures and Other Financing Uses	<u>\$ 27,474,063</u>	<u>\$ 29,147,747</u>	27,662,688	<u>\$ 1,485,059</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.

1,372,789

Payroll accrual adjustment - payroll budgeted on a cash basis.

16,539

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

632,431

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

\$ 29,684,447

TOWN OF EAST HADDAM, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 4,695,281	\$ 6,717,411
Investments		37,396
Due from other governments	679,277	1,033,512
Property taxes receivable (net of allowance for uncollected taxes)	257,069	260,528
Other accounts receivable	551,292	767,207
Due from other funds	<u>2,138,781</u>	<u>451,629</u>
Total Assets	<u>\$ 8,321,700</u>	<u>\$ 9,267,683</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 872,723	\$ 1,082,297
Due to other funds	1,266,491	737,815
Deferred revenues	<u>978,943</u>	<u>1,302,237</u>
Total liabilities	<u>3,118,157</u>	<u>3,122,349</u>
Fund balance:		
Unreserved:		
Designated for specific programs	55,173	258,693
Designated for continued appropriations	746,266	939,727
Undesignated	<u>4,402,104</u>	<u>4,946,914</u>
Total fund balance	<u>5,203,543</u>	<u>6,145,334</u>
Total Liabilities and Fund Balance	<u>\$ 8,321,700</u>	<u>\$ 9,267,683</u>

TOWN OF EAST HADDAM, CONNECTICUT

GENERAL FUND
REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2010

Grand List	Uncollected Taxes July 1, 2009	Current Year Levy	Assessor's Additions	Assessor's Deductions	Transfers to Suspense	Refunds	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2010
								Taxes	Interest Liens and Other Fees	Total	
2008	\$	\$ 19,975,912	\$ 77,595	\$ 101,260	\$ 4,104	\$ 5,842	\$ 19,953,985	\$ 19,776,828	\$ 83,299	\$ 19,860,127	\$ 177,157
2007		218,246	2,338	5,382	3,992	3,916	215,126	147,085	30,285	177,370	68,041
2006		36,122	88	156	4,925	1,295	32,424	9,569	3,623	13,192	22,855
2005		12,694	8		1,668	14	11,048	510	311	821	10,538
2004		3,219			578		2,641	181	136	317	2,460
2003		3,571			134		3,437	781	594	1,375	2,656
2002		155	97	45			207	207	181	388	-
2001		191					191	191	173	364	-
2000		424					424	424		424	-
1997			70				70	70		70	-
	\$	<u>274,622</u>	<u>19,975,912</u>	<u>80,196</u>	<u>106,843</u>	<u>15,401</u>	<u>20,219,553</u>	19,935,846	118,602	20,054,448	<u>\$ 283,707</u>

Suspense collections:

2008	229	26	255
2007	1,204	295	1,499
2006	1,451	631	2,082
2005	764	487	1,251
2004	434	337	771
2003	284	278	562
2002	147	164	311
2001	52	70	122
2000	153	229	382
1999	180	300	480
1998	193	353	546
1994	10	25	35
Total	<u>\$ 19,940,947</u>	<u>\$ 121,797</u>	<u>\$ 20,062,744</u>

TOWN OF EAST HADDAM, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	Special Revenue Funds									
	WPCA Sewer	Senior Transportation	Reserve Fund for Capital and Nonrecurring	Miscellaneous Grants	Recreation Activity	Reserve for Revaluation	Dog Pound Improvements	Senior Center Donation	Records Preservation	Educational Grants
ASSETS										
Cash and cash equivalents	\$ 295,030	\$ 9,329	\$ 482,594	\$	\$ 87,133	\$ 94,038	\$	\$	\$	\$ 44,373
Investments										
Due from other governments										9,424
Accounts receivable	5,501									
Due from other funds				5,630			2,982	15,573	9,132	
Inventory										
Total Assets	\$ 300,531	\$ 9,329	\$ 482,594	\$ 5,630	\$ 87,133	\$ 94,038	\$ 2,982	\$ 15,573	\$ 9,132	\$ 53,797
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts and other payables	\$ 26,758	\$	\$	\$	\$ 6,905	\$	\$	\$	\$ 415	\$ 9,112
Due to other funds	238,588				17,824					
Deferred revenue					12,404					44,685
Total liabilities	265,346	-	-	-	37,133	-	-	-	415	53,797
Fund Balances:										
Reserved:										
Permanent accounts inventory										
Permanent Funds										
Unreserved:										
Special Revenue Funds	35,185	9,329	482,594	5,630	50,000	94,038	2,982	15,573	8,717	
Capital Projects Funds										
Permanent Funds										
Total fund balance	35,185	9,329	482,594	5,630	50,000	94,038	2,982	15,573	8,717	-
Total Liabilities and Fund Balances	\$ 300,531	\$ 9,329	\$ 482,594	\$ 5,630	\$ 87,133	\$ 94,038	\$ 2,982	\$ 15,573	\$ 9,132	\$ 53,797

(Continued on next page)

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

JUNE 30, 2010

	Special Revenue Funds					Capital Project Funds				
	School Cafeteria	Food Bank	William Palmer	Green Committee	Transfer Station	Total	Bridge Construction	Capital Grants	Middle School Conversion	Total
ASSETS										
Cash and cash equivalents	\$ 26,239	\$ 722	\$	\$	\$ 7,349	\$ 1,046,807	\$	\$	\$	\$ -
Investments			690,789			690,789				-
Due from other governments	12,728					22,152		27,500		27,500
Accounts receivable						5,501				-
Due from other funds				495		33,812			82,147	82,147
Inventory	1,670					1,670				-
Total Assets	\$ 40,637	\$ 722	\$ 690,789	\$ 495	\$ 7,349	\$ 1,800,731	\$ -	\$ 27,500	\$ 82,147	\$ 109,647
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts and other payables	\$ 19,699	\$	\$	\$	\$ 7,349	\$ 70,238	\$ 33,330	\$	\$	\$ 33,330
Due to other funds						256,412	191,164	2,500		193,664
Deferred revenue						57,089		25,000		25,000
Total liabilities	19,699	-	-	-	7,349	383,739	224,494	27,500	-	251,994
Fund Balances:										
Reserved:										
Permanent accounts inventory	1,670					1,670				-
Permanent Funds						-				-
Unreserved:										
Special Revenue Funds	19,268	722	690,789	495		1,415,322				-
Capital Projects Funds						-	(224,494)		82,147	(142,347)
Permanent Funds						-				-
Total fund balance	20,938	722	690,789	495	-	1,416,992	(224,494)	-	82,147	(142,347)
Total Liabilities and Fund Balances	\$ 40,637	\$ 722	\$ 690,789	\$ 495	\$ 7,349	\$ 1,800,731	\$ -	\$ 27,500	\$ 82,147	\$ 109,647

(Continued on next page)

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

JUNE 30, 2010

	<u>Permanent Funds</u>							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	\$	\$ 589	\$	\$ 865	\$	\$	\$ 1,454	\$	\$ 1,048,261
Investments	2,597		1,465	177,315	2,430	2,774	186,581		877,370
Due from other governments							-		49,652
Accounts receivable							-		5,501
Due from other funds							-		115,959
Inventory							-		1,670
Total Assets	<u>\$ 2,597</u>	<u>\$ 589</u>	<u>\$ 1,465</u>	<u>\$ 178,180</u>	<u>\$ 2,430</u>	<u>\$ 2,774</u>	<u>\$ 188,035</u>	<u>\$ -</u>	<u>\$ 2,098,413</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$	\$	\$	\$	\$	\$	\$ -	\$	\$ 103,568
Due to other funds							-		450,076
Deferred revenue							-		82,089
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>635,733</u>
Fund Balances:									
Reserved:									
Permanent accounts inventory							-		1,670
Permanent Funds	1,000	587	500	35,587		2,706	40,380		40,380
Unreserved:									
Special Revenue Funds							-		1,415,322
Capital Projects Funds							-		(142,347)
Permanent Funds	1,597	2	965	142,593	2,430	68	147,655		147,655
Total fund balance	<u>2,597</u>	<u>589</u>	<u>1,465</u>	<u>178,180</u>	<u>2,430</u>	<u>2,774</u>	<u>188,035</u>	<u>-</u>	<u>1,462,680</u>
Total Liabilities and Fund Balances	<u>\$ 2,597</u>	<u>\$ 589</u>	<u>\$ 1,465</u>	<u>\$ 178,180</u>	<u>\$ 2,430</u>	<u>\$ 2,774</u>	<u>\$ 188,035</u>	<u>\$ -</u>	<u>\$ 2,098,413</u>

TOWN OF EAST HADDAM, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds									
	WPCA Sewer	Senior Transportation	Reserve Fund for Capital and Nonrecurring	Miscellaneous Grants	Recreation Activity	Reserve for Revaluation	Dog Pound Improvements	Senior Center Donations	Records Preservation	Educational Grants
Revenues:										
Intergovernmental revenues	\$	\$	\$	\$ 19,000	\$	\$	\$	\$	\$	\$ 1,137,907
Charges for sales and services	138,487				111,605				2,056	
Income on investments	2,121	9	2,754		50	503				362,566
Other		2,827	37,545				189			
Total revenues	<u>140,608</u>	<u>2,836</u>	<u>40,299</u>	<u>19,000</u>	<u>111,655</u>	<u>503</u>	<u>189</u>	<u>-</u>	<u>2,056</u>	<u>1,500,473</u>
Expenditures:										
Current:										
General government									918	
Public works	149,525			19,000						
Health and welfare		9,910								
Recreation and leisure					63,046					
Education										1,500,473
Capital outlay										
Total expenditures	<u>149,525</u>	<u>9,910</u>	<u>-</u>	<u>19,000</u>	<u>63,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>918</u>	<u>1,500,473</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(8,917)</u>	<u>(7,074)</u>	<u>40,299</u>	<u>-</u>	<u>48,609</u>	<u>503</u>	<u>189</u>	<u>-</u>	<u>1,138</u>	<u>-</u>
Other Financing Sources (Uses):										
Transfers in			100,000			20,000				
Transfers out					(3,124)					
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(3,124)</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(8,917)	(7,074)	140,299	-	45,485	20,503	189	-	1,138	-
Fund Balances at Beginning of Year	<u>44,102</u>	<u>16,403</u>	<u>342,295</u>	<u>5,630</u>	<u>4,515</u>	<u>73,535</u>	<u>2,793</u>	<u>15,573</u>	<u>7,579</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 35,185</u>	<u>\$ 9,329</u>	<u>\$ 482,594</u>	<u>\$ 5,630</u>	<u>\$ 50,000</u>	<u>\$ 94,038</u>	<u>\$ 2,982</u>	<u>\$ 15,573</u>	<u>\$ 8,717</u>	<u>\$ -</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, 2010

Special Revenue Funds

Capital Project Funds

	<u>School Cafeteria</u>	<u>Food Bank</u>	<u>William Palmer</u>	<u>Green Committee</u>	<u>Transfer Station</u>	<u>Total</u>	<u>Bridge Construction</u>	<u>Capital Grants</u>	<u>Middle School Conversion</u>	<u>Total</u>
Revenues:										
Intergovernmental revenues	\$ 83,795			\$ 1,250		\$ 1,241,952		\$ 36,600		\$ 36,600
Charges for sales and services	276,002					528,150				-
Income on investments			85,464			90,851				-
Other				1,100		404,277				-
Total revenues	<u>359,797</u>	<u>-</u>	<u>85,464</u>	<u>2,350</u>	<u>-</u>	<u>2,265,230</u>	<u>-</u>	<u>36,600</u>	<u>-</u>	<u>36,600</u>
Expenditures:										
Current:										
General government						918				-
Public works						168,525				-
Health and welfare			7,277	1,855		19,042				-
Recreation and leisure						63,046				-
Education	377,538					1,878,011				-
Capital outlay						-	26,341	36,600	92,491	155,432
Total expenditures	<u>377,538</u>	<u>-</u>	<u>7,277</u>	<u>1,855</u>	<u>-</u>	<u>2,129,542</u>	<u>26,341</u>	<u>36,600</u>	<u>92,491</u>	<u>155,432</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(17,741)</u>	<u>-</u>	<u>78,187</u>	<u>495</u>	<u>-</u>	<u>135,688</u>	<u>(26,341)</u>	<u>-</u>	<u>(92,491)</u>	<u>(118,832)</u>
Other Financing Sources (Uses):										
Transfers in	21,500					141,500			12,500	12,500
Transfers out			(40,787)			(43,911)				-
Total other financing sources (uses)	<u>21,500</u>	<u>-</u>	<u>(40,787)</u>	<u>-</u>	<u>-</u>	<u>97,589</u>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>12,500</u>
Net Change in Fund Balances	3,759	-	37,400	495	-	233,277	(26,341)	-	(79,991)	(106,332)
Fund Balances at Beginning of Year	<u>17,179</u>	<u>722</u>	<u>653,389</u>	<u>-</u>	<u>-</u>	<u>1,183,715</u>	<u>(198,153)</u>	<u>-</u>	<u>162,138</u>	<u>(36,015)</u>
Fund Balances at End of Year	<u>\$ 20,938</u>	<u>\$ 722</u>	<u>\$ 690,789</u>	<u>\$ 495</u>	<u>\$ -</u>	<u>\$ 1,416,992</u>	<u>\$ (224,494)</u>	<u>\$ -</u>	<u>\$ 82,147</u>	<u>\$ (142,347)</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, 2010

	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	\$	\$	\$	\$	\$	\$	\$	\$	\$
Charges for sales and services									
Income on investments	70	1	26	13,137	1	68	13,303	767	104,921
Other				110			110		404,387
Total revenues	<u>70</u>	<u>1</u>	<u>26</u>	<u>13,247</u>	<u>1</u>	<u>68</u>	<u>13,413</u>	<u>767</u>	<u>2,316,010</u>
Expenditures:									
Current:									
General government							-		918
Public works							-		168,525
Health and welfare				7,984			7,984		27,026
Recreation and leisure							-		63,046
Education						100	100		1,878,111
Capital outlay							-		155,432
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,984</u>	<u>-</u>	<u>100</u>	<u>8,084</u>	<u>-</u>	<u>2,293,058</u>
Excess (Deficiency) of Revenues over Expenditures	<u>70</u>	<u>1</u>	<u>26</u>	<u>5,263</u>	<u>1</u>	<u>(32)</u>	<u>5,329</u>	<u>767</u>	<u>22,952</u>
Other Financing Sources (Uses):									
Transfers in							-		154,000
Transfers out							-	(53,786)	(97,697)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,786)</u>	<u>56,303</u>
Net Change in Fund Balances	70	1	26	5,263	1	(32)	5,329	(53,019)	79,255
Fund Balances at Beginning 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>1,383,425</u>
Fund Balances at End of Year	<u>\$ 2,597</u>	<u>\$ 589</u>	<u>\$ 1,465</u>	<u>\$ 178,180</u>	<u>\$ 2,430</u>	<u>\$ 2,774</u>	<u>\$ 188,035</u>	<u>\$ -</u>	<u>\$ 1,462,680</u>

TOWN OF EAST HADDAM, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>157,601</u>	\$ <u>392,212</u>	\$ <u>385,462</u>	\$ <u>164,351</u>
Liabilities:				
Due to student groups	\$ <u>157,601</u>	\$ <u>392,212</u>	\$ <u>385,462</u>	\$ <u>164,351</u>
Driveway Bonds				
Assets:				
Cash and cash equivalents	\$ <u>98,148</u>	\$ <u>5,250</u>	\$ <u>7,000</u>	\$ <u>96,398</u>
Liabilities:				
Due to contractors and others	\$ <u>98,148</u>	\$ <u>5,250</u>	\$ <u>7,000</u>	\$ <u>96,398</u>
Total				
Assets:				
Cash and cash equivalents	\$ <u>255,749</u>	\$ <u>397,462</u>	\$ <u>392,462</u>	\$ <u>260,749</u>
Liabilities:				
Due to student groups, contractors and others	\$ <u>255,749</u>	\$ <u>397,462</u>	\$ <u>392,462</u>	\$ <u>260,749</u>

TOWN OF EAST HADDAM, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2010

(in Thousands)

Total tax collections (including interest and lien fees) received by
Treasurer for year ended June 30, 2010 \$ 20,062

	<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	\$ 45,140	\$	\$	\$	\$
4-1/2 times base		90,279			
3-3/4 times base			75,233		
3-1/4 times base				65,202	
3 times base					60,186
Total debt limitation	<u>45,140</u>	<u>90,279</u>	<u>75,233</u>	<u>65,202</u>	<u>60,186</u>
Indebtedness:					
Bonds payable	461	16,479	493		
Bonds authorized - unissued	4,500	3,255	15		
Building grants receivable		(679)			
Total indebtedness	<u>4,961</u>	<u>19,055</u>	<u>508</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 40,179</u>	<u>\$ 71,224</u>	<u>\$ 74,725</u>	<u>\$ 65,202</u>	<u>\$ 60,186</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$140,434).

TOWN OF EAST HADDAM, CONNECTICUT

BOND PAYMENT SCHEDULE

JUNE 30, 2010

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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
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					82,177	2,876	982,177	512,658
2016	900,000	480,532					82,176	1,233	982,176	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>\$ 15,400,000</u>	<u>\$ 6,233,331</u>	<u>\$ 750,000</u>	<u>\$ 52,375</u>	<u>\$ 790,000</u>	<u>\$ 48,035</u>	<u>\$ 493,061</u>	<u>\$ 32,049</u>	<u>\$ 17,433,061</u>	<u>\$ 6,365,790</u>