

TOWN OF EAST HADDAM, CONNECTICUT

JUNE 30, 2008

TOWN OF EAST HADDAM, CONNECTICUT

TABLE OF CONTENTS

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

Exhibit

Basic Financial Statements:		
Government-Wide Financial Statements:		
I	Statement of Net Assets	10
II	Statement of Activities	11
Fund Financial Statements:		
Governmental Funds:		
III	Balance Sheet	12-13
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	14-15
Proprietary Funds:		
V	Statement of Net Assets	16
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets	17
VII	Statement of Cash Flows	18
Fiduciary Funds:		
VIII	Statement of Fiduciary Net Assets	19
IX	Statement of Changes in Plan Net Assets - Pension Trust Funds	20
	Notes to Financial Statements	21-36
Required Supplementary Information:		
General Fund:		
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	37-38
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	39-41
Combining and Individual Fund Statements and Schedules:		
General Fund:		
A-1	Comparative Balance Sheet	42
A-2	Report of Tax Collector	43
Nonmajor Governmental Funds		
B-1	Combining Balance Sheet	44-46
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	47-49
Agency Fund:		
C	Statement of Changes in Assets and Liabilities	50

Schedule

Supplemental Schedules:		
1	Statement of Debt Limitation	51
2	Bond Payment Schedule	52



Independent Auditors' Report

To the Board of Finance
Town of East Haddam
East Haddam, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Haddam, Connecticut, as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of East Haddam, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Haddam, Connecticut, as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2008 on our consideration of the Town of East Haddam, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance

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

Management's discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 37 through 41 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town East Haddam, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Blum, Shapiro & Company, P.C.

November 3, 2008

TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

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, 2008. 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 \$12.7 million, or 23.8%.
- During the year, the Town had expenses that were \$12.7 million less than the \$45.2 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$32.6 million.
- The General Fund reported a fund balance this year of \$6.9 million.
- The resources available for appropriation were \$99 thousand less than budgeted for the General Fund. Expenditures were kept within spending limits.

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 \$53,306,430 to \$65,990,909. 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	
	2008	2007
Current and other assets	\$ 28,184,684	\$ 36,025,198
Capital assets	66,621,809	44,344,361
Total assets	<u>94,806,493</u>	<u>80,369,559</u>
Long-term debt outstanding	21,411,255	5,673,023
Other liabilities	7,404,329	21,390,106
Total liabilities	<u>28,815,584</u>	<u>27,063,129</u>
Net assets:		
Invested in capital assets, net of debt	43,830,231	35,999,767
Restricted	440,990	440,990
Unrestricted	<u>21,719,688</u>	<u>16,865,673</u>
Total Net Assets	<u>\$ 65,990,909</u>	<u>\$ 53,306,430</u>

Net assets of the Town's governmental activities increased by 23.8%. 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 \$16,865,673 at June 30, 2007 to \$21,719,688 at the end of this year. The component "invested in capital assets net of debt" increased by \$7,830,464. A significant amount of this increase was due to the ongoing construction of the new 4-8 Middle School.

**TABLE 2
CHANGE IN NET ASSETS**

	Governmental Activities	
	2008	2007
Revenues:		
Program revenues:		
Charges for services	\$ 1,131,595	\$ 1,571,975
Operating grants and contributions	11,793,791	6,735,165
Capital grants and contributions	11,983,509	3,436,422
General revenues:		
Property taxes	19,667,047	18,674,611
Grants and contributions not restricted to specific purposes	165,488	191,585
Unrestricted investment earnings	390,568	1,831,070
Other general revenues	128,716	91,685
Total revenues	45,260,714	32,532,513
Program expenses:		
General government	2,331,654	1,995,203
Public safety	811,355	721,696
Public works	2,782,116	2,742,167
Health and welfare	314,870	345,766
Recreation and leisure	395,321	421,556
Education	24,959,935	18,924,664
Interest on long-term debt	980,984	210,632
Total program expenses	32,576,235	25,361,684
Increase in Net Assets	\$ 12,684,479	\$ 7,170,829

The Town's total revenues were \$45,260,714. The total cost of all programs and services was \$32,576,235. Our analysis below considers the operations of governmental activities.

Governmental Activities

Approximately 43.46% of the revenues were derived from property taxes, followed by 26.48% from capital grants and contributions, then 26.04% from operating grants and contributions.

Major revenue factors included:

- Property tax revenues recorded for fiscal year 2008 reflect an increase in the Town's mill rate of .55 or 2.01%. The original tax levy increased 5.09% over the previous year.
- The Town's capital grants and contributions increased from \$3,436,422 to \$11,983,509 mostly due to significant activities funded through the State of Connecticut on the construction of the new 4-8 Middle School and enforcement of the Hazardous Moving Violation program.
- The Town's operating grants and contributions increased \$5 million as a result of an increase in the State of Connecticut contribution on behalf of the State Teachers' Retirement Fund.

For Governmental Activities, 76.62% of the Town's expenditures relate to education, 8.54% relate to public works and 7.16% to general government.

Major expenditure factors include:

- Increases in Town employee wages and increases in utility costs.
- The cost of education services increased due to contractual increases, employee health benefits and utility cost increases as well as the increase in State of Connecticut on behalf payments for State Teachers' Retirement Fund.

Governmental Activities

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General government	\$ 2,331,654	\$ 1,995,203	\$ 1,453,025	\$ 1,213,750
Public safety	811,355	721,696	791,647	648,573
Public works	2,782,116	2,742,167	2,291,939	1,135,837
Health and welfare	314,870	345,766	258,675	299,010
Recreation and leisure	395,321	421,556	343,411	301,970
Education	24,959,935	18,924,664	1,613,383	9,886,436
Other	980,984	210,632	915,260	132,546
Totals	<u>\$ 32,576,235</u>	<u>\$ 25,361,684</u>	<u>\$ 7,667,340</u>	<u>\$ 13,618,122</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 \$19,372,263, which is an increase from last year's total of \$12,742,114. Included in this year's total change in fund balance is an increase of \$652,897 in the Town's General Fund. The primary reason for the General Fund's increase was the increase in property tax revenue as well as a slight delay in capital project related expenditures. In addition, these other changes in fund balances should be noted: the Middle School Fund went from a deficit balance of \$5,468,896 to an equity balance of \$650,312 due to the recent bond sale and intergovernmental revenue received during the fiscal year. The nonmajor funds decreased their balance by \$552,932 which included expenses related to the revaluation and lost revenue from the State of Connecticut on the Bridge Construction Fund.

General Fund Budgetary Highlights

During the 2007-2008 fiscal year, the Town was able to earn more than twice the interest income budgeted due to the prudent investment management of the Town Treasurer.

During the 2007-2008 fiscal year, the interest expense on the bond anticipation notes for the new middle school was paid from the Middle School Fund. This resulted in a significant positive variance in RSI-2 (Budget to Actual report) in the debt service line.

The Tax Collector was commended for a tax collection rate of 99.03%. The additional revenue generated, along with unanticipated grants received during the fiscal year, had a positive effect on the fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the Town had \$66.6 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 \$22.3 million is 50.24% over last year.

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

	Governmental Activities	
	2008	2007
Land	\$ 3,005	\$ 2,108
Building and improvements	20,716	21,172
Furniture and equipment	2,343	2,074
Infrastructure	10,602	6,770
Construction in progress	29,956	12,220
Totals	<u>\$ 66,622</u>	<u>\$ 44,344</u>

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

4-8 Middle School construction in progress	\$ 22,116,209
Open space additions	897,114
Fire truck	324,951

The Town’s fiscal-year 2008-09 capital budget calls for it to spend another \$1,290,373 for capital projects, principally for road improvements.

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

Long-Term Debt

At June 30, 2008, the Town had \$20,428,791 in bonds and notes outstanding versus \$4,676,121 last year. The increase is due to the issuance of \$16,150,000 in bonds for the new 4-8 Middle School and \$500,000 in bonds for open space acquisitions.

Standard and Poor's assigned an AA rating on the Town's \$16.65 million General Obligation Bonds, Issue of 2008. 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 \$137.0 million state-imposed limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal year 2008 budget tax rates. The ongoing long-range capital improvement and debt service plan is a major factor in determining the amount the Town needs to set aside for future spending needs. The officials sought to increase the reserves in an effort to mitigate future mill rate increases anticipated for potential capital projects. The officials took into account future municipal needs when determining the level of spending it could support.

These indicators were also taken into account when adopting the General Fund budget for 2008-09. Amounts available for appropriation in the General Fund budget are \$28,139,913, an increase of 1.11% over the final 2008 budget of \$27,830,862. Property taxes (benefiting from the 2008 rate increases and increases in assessed valuations), program revenue and State of Connecticut grant revenue are expected to lead this increase.

The Town will use these increases in revenues to finance programs currently offered and to offset the effect that we expect inflation to have on program costs. Budgeted expenditures are also expected to rise 5.50%, to \$28,139,913 from \$26,673,505 in 2008. A significant portion of this increase is driven by the new 4-8 Middle School coming online and the principal and interest payments associated with the bonding for the new school. Contractual obligations and rising costs of utilities make up a significant portion of the increases as well. The Town also took over the maintenance of the old middle school effective July 1, 2008. There were no other new programs or initiatives in 2008.

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, 2008

	Governmental Activities
	<u> </u>
Assets:	
Cash and cash equivalents	\$ 14,529,175
Investments	7,710,208
Receivables, net	5,944,053
Inventory	1,248
Capital assets - nondepreciable:	
Land	3,004,703
Construction in progress	29,955,508
Capital assets - depreciable net of accumulated depreciation:	
Buildings and improvements	20,715,964
Furniture and equipment	2,343,211
Infrastructure	10,602,423
Total assets	<u>94,806,493</u>
Liabilities:	
Accounts and other payables	2,137,059
Unearned revenue	469,251
Bond anticipation notes	4,700,000
Deferred credits	98,019
Noncurrent liabilities:	
Due within one year	1,930,652
Due in more than one year	19,480,603
Total liabilities	<u>28,815,584</u>
Net Assets:	
Invested in capital assets, net of related debt	43,830,231
Restricted for:	
Nonexpendable	440,990
Unrestricted	<u>21,719,688</u>
Total Net Assets	<u>\$ 65,990,909</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, 2008

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	\$ 2,331,654	\$ 465,429	\$ 7,500	\$ 405,700	\$ (1,453,025)
Public safety	811,355	18,502	1,206		(791,647)
Public works	2,782,116	218,204	271,973		(2,291,939)
Health and welfare	314,870	36,354	19,841		(258,675)
Recreation and leisure	395,321	51,910			(343,411)
Education	24,959,935	341,196	11,427,547	11,577,809	(1,613,383)
Interest on long-term debt	980,984		65,724		(915,260)
Total	<u>\$ 32,576,235</u>	<u>\$ 1,131,595</u>	<u>\$ 11,793,791</u>	<u>\$ 11,983,509</u>	<u>(7,667,340)</u>
General revenues:					
Property taxes					19,667,047
Grants and contributions not restricted to specific programs					165,488
Unrestricted investment earnings					390,568
Other					128,716
Total general revenues					<u>20,351,819</u>
Change in net assets					12,684,479
Net Assets at Beginning of Year					<u>53,306,430</u>
Net Assets at End of Year					<u>\$ 65,990,909</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HADDAM, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008

	<u>General</u>	<u>Reserve for Capital Projects</u>	<u>Middle School</u>	<u>A.E. Purple Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 6,068,050	\$ 3,879,857	\$ 3,372,152	\$	\$ 1,181,173	\$ 14,501,232
Investments	35,903			6,691,175	983,130	7,710,208
Receivables, net	2,413,525		3,500,000		30,528	5,944,053
Due from other funds	937,631			10,303	107,303	1,055,237
Inventories					1,248	1,248
Total Assets	<u>\$ 9,455,109</u>	<u>\$ 3,879,857</u>	<u>\$ 6,872,152</u>	<u>\$ 6,701,478</u>	<u>\$ 2,303,382</u>	<u>\$ 29,211,978</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 877,127	\$	\$ 1,034,949	\$	\$ 122,169	\$ 2,034,245
Due to other funds	117,606	51,309	486,891		399,431	1,055,237
Deferred revenue	1,584,793				465,440	2,050,233
Bond anticipation notes payable			4,700,000			4,700,000
Total liabilities	<u>2,579,526</u>	<u>51,309</u>	<u>6,221,840</u>	<u>-</u>	<u>987,040</u>	<u>9,839,715</u>
Fund balances:						
Reserved			2,495,728	400,000	92,299	2,988,027
Unreserved, reported in:						
General Fund	6,875,583					6,875,583
Special Revenue Funds					1,254,971	1,254,971
Capital Project Funds		3,828,548	(1,845,416)		(192,866)	1,790,266
Permanent Funds				6,301,478	161,938	6,463,416
Total fund balances	<u>6,875,583</u>	<u>3,828,548</u>	<u>650,312</u>	<u>6,701,478</u>	<u>1,316,342</u>	<u>19,372,263</u>
Total Liabilities and Fund Balances	<u>\$ 9,455,109</u>	<u>\$ 3,879,857</u>	<u>\$ 6,872,152</u>	<u>\$ 6,701,478</u>	<u>\$ 2,303,382</u>	<u>\$ 29,211,978</u>

(Continued on next page)

TOWN OF EAST HADDAM, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

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)	\$ 19,372,263
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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	\$ 83,295,685	
Less accumulated depreciation	<u>(16,673,876)</u>	
Net capital assets		66,621,809

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	140,626
Interest receivable on property taxes	35,201
Loan receivables	13,000
Receivable from the state for school construction projects	1,392,155

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.

	17,693
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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	(20,457,417)
Interest payable on bonds and notes	(92,564)
Compensated absences	(814,117)
Bond premium	(98,019)
Deferred charges on refunding	28,626
Termination benefits	<u>(168,347)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 65,990,909</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, 2008

	<u>General</u>	<u>Reserve for Capital Projects</u>	<u>Middle School</u>	<u>A.E. Purple Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 19,615,568	\$	\$	\$	\$	\$ 19,615,568
Intergovernmental	11,649,505		11,577,808		599,749	23,827,062
Charges for services	687,755				490,940	1,178,695
Income on investments	427,488	135,932	267,305		46,064	876,789
Increase (decrease) in fair value of investments				(486,448)		(486,448)
Miscellaneous	220,876				341,750	562,626
Total revenues	<u>32,601,192</u>	<u>135,932</u>	<u>11,845,113</u>	<u>(486,448)</u>	<u>1,478,503</u>	<u>45,574,292</u>
Expenditures:						
Current:						
General government	1,966,596				210,749	2,177,345
Public safety	685,829					685,829
Public works	1,685,218				336,734	2,021,952
Health and welfare	266,002				19,677	285,679
Recreation and leisure	313,396				70,682	384,078
Education	23,363,965			31,288	1,193,515	24,588,768
Debt service	1,078,303		721,783		2,114	1,802,200
Capital outlay	2,131,235		21,492,445		122,631	23,746,311
Total expenditures	<u>31,490,544</u>	<u>-</u>	<u>22,214,228</u>	<u>31,288</u>	<u>1,956,102</u>	<u>55,692,162</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,110,648</u>	<u>135,932</u>	<u>(10,369,115)</u>	<u>(517,736)</u>	<u>(477,599)</u>	<u>(10,117,870)</u>
Other Financing Sources (Uses):						
Proceeds from bonds	500,000		16,150,000			16,650,000
Premium on bonds			98,019			98,019
Transfers in	597,901	1,297,000	240,304		258,652	2,393,857
Transfers out	(1,555,652)	(240,304)		(263,916)	(333,985)	(2,393,857)
Total other financing sources (uses)	<u>(457,751)</u>	<u>1,056,696</u>	<u>16,488,323</u>	<u>(263,916)</u>	<u>(75,333)</u>	<u>16,748,019</u>
Net Change in Fund Balances	652,897	1,192,628	6,119,208	(781,652)	(552,932)	6,630,149
Fund Balances at Beginning of Year	<u>6,222,686</u>	<u>2,635,920</u>	<u>(5,468,896)</u>	<u>7,483,130</u>	<u>1,869,274</u>	<u>12,742,114</u>
Fund Balances at End of Year	<u>\$ 6,875,583</u>	<u>\$ 3,828,548</u>	<u>\$ 650,312</u>	<u>\$ 6,701,478</u>	<u>\$ 1,316,342</u>	<u>\$ 19,372,263</u>

(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, 2008

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)	\$	6,630,149
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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	23,290,183
Depreciation expense	(1,012,735)

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	(365,284)
Property tax receivable-accrual basis change	43,295
Property tax interest and lien revenue - accrual basis change	8,184

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	907,177
Issuance of bonds and notes	(16,650,000)
Bond premiums	(98,019)

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	32,271
Accrued interest	(76,114)
Amortization of deferred charge on refunding	(9,847)
Termination payments	(17,833)

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>3,052</u>
Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u><u>12,684,479</u></u>

The accompanying notes are an integral part of the financial statements

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

JUNE 30, 2008

	<u>Governmental Activities Internal Service Funds</u>
Assets:	
Cash and cash equivalents	\$ 27,943
Liabilities:	
Accounts and other payables	<u>10,250</u>
Net Assets:	
Unrestricted	\$ <u><u>17,693</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, 2008

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Employer contribution	\$ 31,373
Employee contributions	42,606
Total operating revenues	<u>73,979</u>
Operating Expenses:	
Administrative expense	6,799
Employee benefits	64,355
Total operating expenses	<u>71,154</u>
Operating Income	2,825
Nonoperating Revenue:	
Income on investments	<u>227</u>
Change in Net Assets	3,052
Net Assets at Beginning of Year	<u>14,641</u>
Net Assets at End of Year	<u>\$ 17,693</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, 2008

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from employees and employer	\$ 73,979
Cash payments to providers of benefits and administration	(71,470)
Net cash provided by operating activities	2,509
Cash Flows from Investing Activities:	
Income on investments	227
Net Increase in Cash and Cash Equivalents	2,736
Cash and Cash Equivalents at Beginning of Year	25,207
Cash and Cash Equivalents at End of Year	\$ 27,943
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	2,825
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in accounts payable	(316)
Net Cash Provided by Operating Activities	\$ 2,509

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, 2008

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 814,830	\$ 247,063
Investments	<u>275,447</u>	<u> </u>
Total assets	1,090,277	<u><u>\$ 247,063</u></u>
Liabilities:		
Accounts and other payables	<u> </u>	<u><u>\$ 247,063</u></u>
Net Assets:		
Held in Trust for Pension Benefits	<u><u>\$ 1,090,277</u></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, 2008

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 86,616
Plan members	139,975
Total contributions	<u>226,591</u>
Investment income:	
Net decrease in fair value of investments	(17,836)
Interest and dividends	22,631
Net investment income	<u>4,795</u>
Total additions	231,386
Deductions:	
Benefits	<u>19,656</u>
Net Increase	211,730
Net Assets at Beginning of Year	<u>878,547</u>
Net Assets at End of Year	<u>\$ 1,090,277</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, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

Pension Trust Fund accounts for the East Haddam Retirement System.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service fund are charges to customers for benefits. Operating expenses for internal service fund includes the cost of benefits and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

Property taxes are assessed as of October 1 and billed the following July. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value. Liens are filed on delinquent taxes by June 30 each year. Interest is charged on delinquent taxes at the rate of 1.5% per month (18% per year). An amount of \$14,567 has been established as an allowance for uncollectible taxes. At June 30, 2008, this represents 6.3% 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, 2008 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 \$814,117. The General Fund generally funds the cost associated with compensated absences.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

The General Statutes provide the manner which 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 \$1,435,750 in supplemental appropriations during the year, and carryover appropriations to fiscal year 2008 are \$634,959.

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 accounting principles generally accepted in the United States of America (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 \$5,934,578.

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 do 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.

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2008:

Deposits:	
Demand accounts	\$ 1,504,561
Money market accounts	5,738,623
Certificates of deposit	<u>5,626,855</u>
Total deposits	12,870,039
Cash equivalents:	
State Short-Term Investment Fund (STIF)	2,321,029
State Tax Exempt Proceeds Fund (TEPF)	<u>400,000</u>
Total Cash and Cash Equivalents	<u>\$ 15,591,068</u>

Deposits

At June 30, 2008, the carrying amount of the Town’s deposits was \$12,970,872, which includes \$100,833 of certificates of deposit classified as investments, and the bank balance was \$16,603,195.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2008 bank balance, \$460,952 was covered by federal depository insurance. 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. A minimum of \$1,382,121, based on June 30, 2008 deposits, was collateralized (collateral held by the pledging bank’s trust department is not in the Town’s name). The balance of deposits of \$14,760,122 was uninsured and uncollateralized.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2008, the Town's cash equivalents amounted to \$2,721,029. 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.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
State Tax Exempt Proceeds Fund (TEPF)	*

*Not rated

B. Investments

Investments as of June 30, 2008 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest-bearing investments:		
Certificates of deposit	\$ 100,833	1.03
Corporate bonds	290,183	4.11
U.S. government obligations	132,675	9.86
Other investments:		
Common stock	4,958,336	
Pension investments held by insurance company	275,447	
Mutual funds	<u>2,228,181</u>	
Total	<u>\$ 7,985,655</u>	
Portfolio weighted average maturity for interest bearing Investments		4.97

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

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices. The following table provides a summary of the Town's investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Fair Value</u>	<u>Standard and Poor's</u>	<u>Moody's Investor Service</u>
Corporate bonds	\$ 141,762	AAA	AAA
	25,226	AA	AA2
	9,712	AA-	AA2
	8,011	AA-	AA1
	7,856	A+	AA3
	7,805	A+	AA2
	9,073	A+	A3
	15,445	A+	A1
	9,555	A	A3
	10,639	A	A2
	19,399	A	A1
	16,047	BBB+	BAA2
	9,653	BBB+	BAA1

The bond funds (mutual funds) are not rated.

Concentration of Credit Risk - The Town does not have an investment policy regarding concentration of credit risk.

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. At June 30, 2008, the Town did not have any 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>Middle School</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 35,201	\$	\$	\$ 35,201
Taxes	230,934			230,934
Accounts	364,102		9,769	373,871
Intergovernmental	1,797,855	3,500,000	20,759	5,318,614
Gross receivables	<u>2,428,092</u>	<u>3,500,000</u>	<u>30,528</u>	<u>5,958,620</u>
Less allowance for uncollectibles	<u>(14,567)</u>			<u>(14,567)</u>
Net Total Receivables	<u>\$ 2,413,525</u>	<u>\$ 3,500,000</u>	<u>\$ 30,528</u>	<u>\$ 5,944,053</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	\$ 140,626	\$	\$ 140,626
Accrued interest on delinquent property tax	35,201		35,201
Other revenue unearned		55,895	55,895
Grant drawdowns prior to meeting all eligibility requirements		413,356	413,356
School building grants	1,392,155		1,392,155
Loans receivable	<u>13,000</u>		<u>13,000</u>
 Total Deferred/Unearned Revenue for Governmental Funds	 <u>\$ 1,580,982</u>	 <u>\$ 469,251</u>	 <u>\$ 2,050,233</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 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	\$ 2,107,589	\$ 897,114	\$	\$ 3,004,703
Construction in progress	<u>12,219,760</u>	<u>21,738,421</u>	<u>(4,002,673)</u>	<u>29,955,508</u>
Total capital assets not being depreciated	<u>14,327,349</u>	<u>22,635,535</u>	<u>(4,002,673)</u>	<u>32,960,211</u>
Capital assets being depreciated:				
Buildings and improvements	30,155,430	29,999		30,185,429
Furniture and equipment	4,712,669	455,453		5,168,122
Infrastructure	<u>10,810,054</u>	<u>4,171,869</u>		<u>14,981,923</u>
Total capital assets being depreciated	<u>45,678,153</u>	<u>4,657,321</u>	<u>-</u>	<u>50,335,474</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,921,212)	(548,253)		(9,469,465)
Furniture and equipment	(2,639,143)	(185,768)		(2,824,911)
Infrastructure	<u>(4,100,786)</u>	<u>(278,714)</u>		<u>(4,379,500)</u>
Total accumulated depreciation	<u>(15,661,141)</u>	<u>(1,012,735)</u>	<u>-</u>	<u>(16,673,876)</u>
Total capital assets being depreciated, net	<u>30,017,012</u>	<u>3,644,586</u>	<u>-</u>	<u>33,661,598</u>
Governmental Activities Capital Assets, Net	<u>\$ 44,344,361</u>	<u>\$ 26,280,121</u>	<u>\$ (4,002,673)</u>	<u>\$ 66,621,809</u>

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

Governmental activities:	
General government	\$ 120,141
Public safety	95,671
Public works	358,767
Health and welfare	22,671
Recreation and leisure	4,150
Education	<u>411,335</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u>1,012,735</u>

Construction Commitments

The status of appropriations for the various capital projects as of June 30, 2008 is presented below:

	<u>Appropriation</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Balance</u>
Middle School Project	\$ 34,448,072	\$ 30,416,702	\$ 2,495,728	\$ 1,535,642

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through the General Fund on behalf of other funds. A summary of General Fund interfund balances as of June 30, 2008 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	107,303
General Fund	Nonmajor Governmental Funds	399,431
General Fund	Reserve for Capital Projects Fund	51,309
General Fund	Middle School Fund	<u>486,891</u>
 Total		 \$ <u>1,055,237</u>

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

Interfund transfers:

	Transfers In				
	General Fund	Reserve for Capital Projects	Middle School	Nonmajor Govern- mental	Total
Transfers out:					
General Fund	\$	\$ 1,297,000	\$	\$ 258,652	\$ 1,555,652
Reserve for Capital Projects			240,304		240,304
A. E. Purple Fund	263,916				263,916
Nonmajor Governmental Funds	333,985				333,985
Total	\$ 597,901	\$ 1,297,000	\$ 240,304	\$ 258,652	\$ 2,393,857

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, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 3,975,000	\$ 16,650,000	\$ 825,000	\$ 19,800,000	\$ 1,435,000
Clean Water Notes	739,594		82,177	657,417	82,177
Less deferred amounts:					
Refunding bonds	(38,473)		(9,847)	(28,626)	
Total bonds payable	4,676,121	16,650,000	897,330	20,428,791	1,517,177
Compensated absences	846,388		32,271	814,117	301,786
Termination benefits	150,514	113,317	95,484	168,347	111,689
Governmental Activity Long-Term Liabilities	\$ 5,673,023	\$ 16,763,317	\$ 1,025,085	\$ 21,411,255	\$ 1,930,652

A schedule of bonds and notes outstanding at June 30, 2008 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, 2008</u>
Bonds and notes:					
School	2008	2028	3.5-4.7	\$ 16,150,000	\$ 16,150,000
Open Space	2008	2028	3.5-4.7	500,000	500,000
School	2003	2013	2.0-3.6	2,760,000	1,285,000
Schools	1998	2012	3.9-4.6	6,105,000	1,865,000
Sewer	1997	2016	3.9-4.6	1,561,364	<u>657,417</u>
Total Outstanding					\$ <u><u>20,457,417</u></u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,517,177	\$ 792,464
2010	1,507,177	737,085
2011	1,492,177	683,104
2012	1,217,177	628,618
2013	1,077,177	585,952
2014-2018	4,651,532	2,411,722
2019-2023	4,620,000	1,492,457
2024-2028	<u>4,375,000</u>	<u>563,938</u>
Total	\$ <u><u>20,457,417</u></u>	\$ <u><u>7,895,340</u></u>

A summary of bonds authorized unissued is presented below:

<u>Project</u>	<u>Authorization</u>	<u>Bonds Issued</u>	<u>Authorized Unissued</u>
Open Space	\$ 5,000,000	\$ 500,000	\$ 4,500,000
Middle School	34,118,000	15,820,000	18,298,000
Clean Water Fund	<u>1,577,048</u>	<u>1,561,364</u>	<u>15,684</u>
Total	\$ <u><u>40,695,048</u></u>	\$ <u><u>17,881,364</u></u>	\$ <u><u>22,813,684</u></u>

Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2008:

Capital Project Funds

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2008</u>
Middle School	05-16-07	05-15-08	4.00	\$ 18,070,000	\$	\$ 18,070,000	\$ -
Gymnasium	05-16-07	05-15-08	4.00	330,000		330,000	-
Middle School	05-13-08	11-13-08	2.25	-	4,700,000		4,700,000
Total				\$ 18,400,000	\$ 4,700,000	\$ 18,400,000	\$ 4,700,000

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	\$ 44,033	\$ 5,000	\$ 39,033
Schools	88,065	25,239	62,826
Sewers	73,388	672	72,716
Urban renewal	63,603		63,603
Pension deficit	58,710		58,710

* In no case shall total indebtedness exceed seven times annual receipts from taxation (\$136,990).

** Bonds payable have been reduced by State Building grants and grant commitments of \$15,667.

Indebtedness also includes bonds authorized unissued of \$15 related to the Clean Water Fund, \$4,500 related to open space and \$18,298 for school projects.

Accrued sick and vacation pay for general government operations is \$188,355, and the amount for the Board of Education is \$625,762. This is a decrease of \$32,271 from the previous year. The Board of Education has liabilities of \$168,437 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 2008, expenses of \$64,355 were paid for benefits, insurance premiums and administration. Incurred but not reported health claims of \$10,250 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>
2006-2007	\$ 11,520	\$	61,813	\$	62,767	\$	10,566
2007-2008	10,566		64,355		64,671		10,250

9. COMMITMENTS

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

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Municipal Employees' Retirement Fund (Savings Plan)

The Municipal Employees' Retirement Fund is a defined contribution individual savings account plan. The plan, effective July 1, 1986, covers all full-time Town employees and noncertified school employees who work over 500 hours annually, except for those employees who are covered under State of Connecticut Municipal Employees Retirement Fund. Contributions to the plan are made both by the Board of Education and Town (2-3% and 4.5%, respectively, of annual compensation) and the employee (minimum 2% of annual compensation to a maximum 13%). Currently, there are 75 members participating in the plan. Benefits are vested at 20% after the first two years and 20% each year thereafter with 100% vesting after six years. Normal retirement age is 65 with provisions for early retirement. The participants are funding individual savings accounts and they have several options as to the method of receiving pension benefits (i.e., lump sum, annuity, etc). During the year, the employees contributed \$139,975 and employer contributions were \$86,616 to the plan. These amounts represent 4.7% and 3.1% of covered payroll of \$2,581,495. Total Town payroll amounted to \$12,803,802.

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 8.0% 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, 2008, 2007 and 2006 were \$44,679, \$40,018, and \$37,402, 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 \$8,046,368 or 73.4% of the total Town and Board of Education payroll of \$10,957,758.

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, 2008, the Town has recorded, in the General Fund, intergovernmental revenue and educational expenditures in the amount of \$5,934,578 as payments made by the State of Connecticut on behalf of the Town. The State has significantly increased its contribution during the year.

11. FUND DEFICITS

The Bridge Construction Fund, a nonmajor capital projects fund, has a deficit fund balance of \$200,962 primarily due to an underestimate of state funding. This deficit will be funded by General Fund contributions.

The Recreation Activity Fund and Mobility Project Fund, nonmajor special revenue funds, have deficit fund balances of \$20,832 and \$111, respectively. The deficits will be funded by future operation. The Walkable Moodus nonmajor capital projects fund has a deficit fund balance of \$249 which will be funded by General Fund contributions.

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 which would materially adversely affect its financial position.

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Property taxes:				
Current and prior years' levies	\$ 19,465,778	\$ 19,465,778	\$ 19,490,208	\$ 24,430
Interest and penalties	100,000	100,000	111,604	11,604
Other taxes	7,500	7,500	13,756	6,256
Total property taxes	<u>19,573,278</u>	<u>19,573,278</u>	<u>19,615,568</u>	<u>42,290</u>
Intergovernmental revenues:				
General government:				
State Highway - Town Aid Road	152,678	152,678	167,853	15,175
Tax relief veterans, elderly and disabled	70,000	70,000	64,608	(5,392)
School bond - principal	359,480	359,480	365,285	5,805
School bond - interest	68,145	68,145	65,724	(2,421)
PILOT State property	20,453	20,453	26,198	5,745
Miscellaneous allotments	72,935	72,935	22,114	(50,821)
Open Space Grant			405,700	405,700
Local Capital Improvement Program	91,949	91,949	90,340	(1,609)
Casino funds	44,004	44,004	52,568	8,564
GOH PILOT	24,000	24,000	25,036	1,036
Education:				
Education Cost Sharing/Special				
Education Grant	3,362,926	3,362,926	3,608,535	245,609
Transportation	131,642	131,642	116,794	(14,848)
Adult Education	4,984	4,984	5,074	90
Services for the Blind	7,500	7,500	8,633	1,133
Total intergovernmental revenues	<u>4,410,696</u>	<u>4,410,696</u>	<u>5,024,462</u>	<u>613,766</u>
Investment and interest income:				
Health insurance investment interest	2,000	2,000	181	(1,819)
Investment income	200,000	200,000	427,307	227,307
Interest income on bond anticipation notes	406,900	406,900		(406,900)
Total investment and interest income	<u>608,900</u>	<u>608,900</u>	<u>427,488</u>	<u>(181,412)</u>
Local revenue:				
Police special duty	22,493	22,493	17,742	(4,751)
Health District	5,000	5,000	5,000	-
Sanitation	99,150	99,150	81,478	(17,672)
Sales and refunds	10,000	10,000		(10,000)
Rent	15,900	15,900	14,752	(1,148)
Conveyance tax	176,346	176,346	140,778	(35,568)
Preservation revenue	9,000	9,000	4,686	(4,314)
Surcharge PA05-228 revenue	107,354	107,354	70,290	(37,064)
Recreation	30,000	30,000		(30,000)
Miscellaneous dog	150	150	530	380

(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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Local revenue (continued):				
Assessor fees	\$ 1,200	\$ 1,200	\$ 671	\$ (529)
Zoning Board of Appeals	3,000	3,000	1,100	(1,900)
Historic District permits	300	300	600	300
Telecommunications	49,700	49,700	47,507	(2,193)
Land Use Offices permit fees	30,000	30,000	37,449	7,449
Building Department	180,000	180,000	80,239	(99,761)
Town Clerk licenses	20,000	20,000	23,743	3,743
Town Clerk fees	100,800	100,800	88,778	(12,022)
Fire permits	540	540	230	(310)
Senior	31,354	31,354	31,354	-
Other	3,800	3,800	40,828	37,028
Total local revenue	<u>896,087</u>	<u>896,087</u>	<u>687,755</u>	<u>(208,332)</u>
Other:				
Ray School Corporation	198,480	198,480	199,029	549
Tuition receipts	40,948	40,948	6,502	(34,446)
Helon Cone Trust	17,600	17,600	15,345	(2,255)
Total other	<u>257,028</u>	<u>257,028</u>	<u>220,876</u>	<u>(36,152)</u>
Total revenues	<u>25,745,989</u>	<u>25,745,989</u>	<u>25,976,149</u>	<u>230,160</u>
Other financing sources:				
Transfers from other funds:				
Albert E. Purple Fund	263,916	263,916	263,916	-
Reserve for Capital Projects	414,600	414,600		(414,600)
Revaluation	211,000	211,000		(211,000)
Capital Nonrecurring Fund			295,985	295,985
Palmer Fund	38,000	38,000	38,000	-
Total other financing sources	<u>927,516</u>	<u>927,516</u>	<u>597,901</u>	<u>(329,615)</u>
Total Revenues and Other Financing Sources	<u>\$ 26,673,505</u>	<u>\$ 26,673,505</u>	26,574,050	<u>\$ (99,455)</u>

Budgetary revenues are different than GAAP revenues because:

Proceeds from bonds	500,000
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	5,934,578
State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes.	<u>690,465</u>

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

\$ 33,699,093

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
Selectmen	\$ 112,690	\$ 117,198	\$ 112,884	\$ 4,314
Town Clerk	236,907	236,906	187,258	49,648
Probate Court	2,550	4,050	3,410	640
Board of Finance	112,699	119,254	115,270	3,984
Elections and registrars	28,540	33,792	33,023	769
Auditor	18,720	18,720	18,700	20
Town Office	48,596	48,846	44,482	4,364
Assessor	108,395	110,779	107,340	3,439
Board of Assessment Appeals	1,315	1,315	235	1,080
Tax Collector	85,173	86,124	83,249	2,875
Treasurer	15,177	15,177	15,127	50
Town Counsel	22,000	56,656	56,656	-
Historic District Commission	1,489	1,691	1,599	92
Town reports	3,100	3,100	3,100	-
Town Hall maintenance	2,645	2,645	2,349	296
Insurance	155,070	155,070	149,810	5,260
Zoning Board of Appeals	9,408	9,408	6,289	3,119
Planning and Zoning	233,153	233,163	197,410	35,753
Data Processing	46,068	53,568	48,970	4,598
Tax refunds	10,000	20,329	20,329	-
Town employee retirement program	93,417	95,508	92,554	2,954
Social Security contribution	145,230	145,230	137,330	7,900
Legal ads	3,500	3,500	2,482	1,018
Midstate Regional Planning Agency	5,813	5,813	5,813	-
Duplicating	12,424	12,480	12,480	-
Unemployment Compensation reserve	500	15,108	15,108	-
Health insurance	411,759	422,683	422,683	-
Conservative Commission	1,250	1,250	1,034	216
River House maintenance	7,250	9,952	9,952	-
Senior Center maintenance	18,083	23,845	23,845	-
Economic Development Commission	21,000	21,000	17,631	3,369
Open Space Committee	16,500	16,500	4,928	11,572
Grange Hall	5,500	6,757	6,757	-
Millington School House maintenance	500	500	353	147
Total general government	<u>1,996,421</u>	<u>2,107,917</u>	<u>1,960,440</u>	<u>147,477</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, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Public safety:				
Fire Department	\$ 182,163	\$ 182,163	\$ 179,336	\$ 2,827
Fire Marshal	21,478	21,478	17,915	3,563
Police officers	120,297	124,439	118,010	6,429
Resident trooper	171,745	178,750	178,750	-
Emergency management	56,873	56,873	56,872	1
Dog Fund Animal Control	23,730	27,010	26,547	463
Building Inspector, Sanitarium	112,101	109,891	105,646	4,245
Total public safety	<u>688,387</u>	<u>700,604</u>	<u>683,076</u>	<u>17,528</u>
Public works:				
General highways	766,472	766,475	734,103	32,372
Machine and equipment repair	49,000	54,524	54,524	-
Snow removal - general	208,450	213,403	213,403	-
Sanitation	648,036	648,036	591,029	57,007
Street lights and safety	41,042	41,042	35,482	5,560
Town garage maintenance	47,612	54,720	54,721	(1)
Total public works	<u>1,760,612</u>	<u>1,778,200</u>	<u>1,683,262</u>	<u>94,938</u>
Health and welfare:				
Health District	69,752	69,752	69,637	115
Aging and elderly	69,948	69,947	63,134	6,813
Human services	3,320	3,320	3,320	-
Youth and Family Services	127,162	127,162	127,162	-
Total health and welfare	<u>270,182</u>	<u>270,181</u>	<u>263,253</u>	<u>6,928</u>
Recreation and leisure:				
Greens maintenance	5,700	5,700	5,371	329
Recreation Commission	139,487	139,487	135,427	4,060
Public Libraries	173,881	173,881	173,881	-
Total recreation and leisure	<u>319,068</u>	<u>319,068</u>	<u>314,679</u>	<u>4,389</u>
Board of Education	<u>16,589,590</u>	<u>16,743,795</u>	<u>16,738,922</u>	<u>4,873</u>
Other:				
Contingency Fund	<u>100,000</u>			<u>-</u>
Debt service	<u>1,814,303</u>	<u>1,814,303</u>	<u>1,078,303</u>	<u>736,000</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, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Capital improvements:				
Current	\$ 1,579,290	\$ 1,891,541	\$ 1,715,579	\$ 175,962
Carryovers:				
General government		36,430	4,572	31,858
Fire Department		328,940	328,940	-
Animal Control		5,000	1,054	3,946
General highways		367,251	77,535	289,716
Sanitation		64,595	2,775	61,820
Education		111,138	780	110,358
Total capital improvements	<u>1,579,290</u>	<u>2,804,895</u>	<u>2,131,235</u>	<u>673,660</u>
Total expenditures	<u>25,117,853</u>	<u>26,538,963</u>	<u>24,853,170</u>	<u>1,685,793</u>
Other financing uses:				
Transfers to other funds:				
Reserve for Capital Projects	1,297,000	1,311,640	1,297,000	14,640
Reserve for Debt Service	51,309	51,309	51,309	-
Capital Nonrecurring	125,000	125,000	125,000	-
Reserve for Revaluation	20,000	20,000	20,000	-
Open Space Fund	50,000	50,000	50,000	-
Historical Documents	2,343	2,343	2,343	-
Cafeteria Fund	10,000	10,000	10,000	-
Total other financing uses	<u>1,555,652</u>	<u>1,570,292</u>	<u>1,555,652</u>	<u>14,640</u>
Total Budgetary Expenditures and Other Financing Uses	<u>\$ 26,673,505</u>	<u>\$ 28,109,255</u>	26,408,822	<u>\$ 1,700,433</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.	5,934,578
Payroll accrual adjustment - payroll budgeted on a cash basis.	12,331
State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes.	<u>690,465</u>

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

\$ 33,046,196

TOWN OF EAST HADDAM, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 6,068,050	\$ 5,991,513
Investments	35,903	
Due from other governments	1,392,155	1,475,721
Property taxes receivable (net of allowance for uncollected taxes)	216,367	169,102
Other accounts receivable	805,003	365,086
Due from other funds	<u>937,631</u>	<u>596,636</u>
Total Assets	<u>\$ 9,455,109</u>	<u>\$ 8,598,058</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 877,127	\$ 637,180
Due to other funds	117,606	85,438
Deferred revenues	<u>1,584,793</u>	<u>1,652,754</u>
Total liabilities	<u>2,579,526</u>	<u>2,375,372</u>
Fund balance:		
Unreserved:		
Designated for specific programs	244,574	229,399
Designated for continued appropriations	634,959	913,354
Undesignated	<u>5,996,050</u>	<u>5,079,933</u>
Total fund balance	<u>6,875,583</u>	<u>6,222,686</u>
Total Liabilities and Fund Balance	<u>\$ 9,455,109</u>	<u>\$ 8,598,058</u>

TOWN OF EAST HADDAM, CONNECTICUT

GENERAL FUND
REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2008

Grand List	Uncollected Taxes July 1, 2007	Current Year Levy	Assessor's Additions	Assessor's Deductions	Transfers to Suspense	Refunds	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2008
								Taxes	Interest Liens and Other Fees	Total	
2006	\$	\$ 19,556,834	\$ 52,481	\$ 90,297	\$ 13,701	\$ 8,571	\$ 19,513,888	\$ 19,324,721	\$ 80,526	\$ 19,405,247	\$ 189,167
2005	146,267		1,564	5,269	4,844	3,824	141,542	107,516	19,173	126,689	34,026
2004	20,391		538	2,963	1,481	1,253	17,738	14,005	5,722	19,727	3,733
2003	7,145		258	7,957		6,500	5,946	2,357	1,335	3,692	3,589
2002	1,679		95	610	75		1,089	861	418	1,279	228
2001	1,355			582	120		653	462	125	587	191
2000	491			359			132	132	36	168	
	\$ 177,328	\$ 19,556,834	\$ 54,936	\$ 108,037	\$ 20,221	\$ 20,148	\$ 19,680,988	19,450,054	107,335	19,557,389	\$ 230,934
								Suspense collections:			
									1,141	183	1,324
									3,120	693	3,813
									781	342	1,123
									1,188	783	1,971
									1,430	1,227	2,657
									329	337	666
									113	119	232
									41	49	90
									259	538	797
								Total	\$ 19,458,456	\$ 111,606	\$ 19,570,062

TOWN OF EAST HADDAM, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

	Special Revenue Funds									
	WPCA Sewer	Senior Transportation	Reserve Fund for Capital and Nonrecurring	Miscellaneous Grants	Open Space	Recreation Activity	Reserve for Revaluation	Dog Pound Improvements	Mobility Project	Senior Center Donation
ASSETS										
Cash and cash equivalents	\$ 159,301	\$ 45,142	\$ 676,390	\$	\$ 70,674	\$ 9,626	\$ 96,604	\$	\$	\$
Investments										
Due from other governments										
Accounts receivable	2,076								336	
Due from other funds				6,793		21,896		2,793		15,573
Inventory										
Total Assets	<u>\$ 161,377</u>	<u>\$ 45,142</u>	<u>\$ 676,390</u>	<u>\$ 6,793</u>	<u>\$ 70,674</u>	<u>\$ 31,522</u>	<u>\$ 96,604</u>	<u>\$ 2,793</u>	<u>\$ 336</u>	<u>\$ 15,573</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts and other payables	\$	\$	\$ 41,925	\$	\$	\$ 270	\$	\$	\$	\$
Due to other funds	117,194	31,988	2,148		2,114		37,725		447	
Deferred revenue			355,927			52,084				
Total liabilities	<u>117,194</u>	<u>31,988</u>	<u>400,000</u>	<u>-</u>	<u>2,114</u>	<u>52,354</u>	<u>37,725</u>	<u>-</u>	<u>447</u>	<u>-</u>
Fund Balances:										
Reserved:										
Permanent Funds										
Debt Service										
Unreserved:										
Special Revenue Funds	44,183	13,154	276,390	6,793	68,560	(20,832)	58,879	2,793	(111)	15,573
Capital Projects Funds										
Permanent Funds										
Total fund balance	<u>44,183</u>	<u>13,154</u>	<u>276,390</u>	<u>6,793</u>	<u>68,560</u>	<u>(20,832)</u>	<u>58,879</u>	<u>2,793</u>	<u>(111)</u>	<u>15,573</u>
Total Liabilities and Fund Balances	<u>\$ 161,377</u>	<u>\$ 45,142</u>	<u>\$ 676,390</u>	<u>\$ 6,793</u>	<u>\$ 70,674</u>	<u>\$ 31,522</u>	<u>\$ 96,604</u>	<u>\$ 2,793</u>	<u>\$ 336</u>	<u>\$ 15,573</u>

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TOWN OF EAST HADDAM, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

45

	Special Revenue Funds					Capital Project Funds				
	Records Preservation	Educational Grants	School Cafeteria	Food Bank	William Palmer	Total	Bridge Construction	Local Wastewater Project	Walkable Moodus	Total
ASSETS										
Cash and cash equivalents	\$	\$ 48,472	\$ 62,504	\$ 722	\$	\$ 1,169,435	\$	\$ 8,345	\$	\$ 8,345
Investments					783,951	783,951				-
Due from other governments		13,092	7,667			20,759				-
Accounts receivable						2,412		7,001		7,001
Due from other funds	8,939					55,994				-
Inventory			1,248			1,248				-
Total Assets	\$ <u>8,939</u>	\$ <u>61,564</u>	\$ <u>71,419</u>	\$ <u>722</u>	\$ <u>783,951</u>	\$ <u>2,033,799</u>	\$ <u>-</u>	\$ <u>8,345</u>	\$ <u>7,001</u>	\$ <u>15,346</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts and other payables	\$	\$ 4,135	\$ 37,442	\$	\$	\$ 83,772	\$ 38,397	\$	\$	\$ 38,397
Due to other funds					38,000	229,616	162,565	7,250		169,815
Deferred revenue		57,429				465,440				-
Total liabilities	<u>-</u>	<u>61,564</u>	<u>37,442</u>	<u>-</u>	<u>38,000</u>	<u>778,828</u>	<u>200,962</u>	<u>-</u>	<u>7,250</u>	<u>208,212</u>
Fund Balances:										
Reserved:										
Permanent Funds						-				-
Debt Service						-				-
Unreserved:										
Special Revenue Funds	8,939		33,977	722	745,951	1,254,971				-
Capital Projects Funds						-	(200,962)	8,345	(249)	(192,866)
Permanent Funds						-				-
Total fund balance	<u>8,939</u>	<u>-</u>	<u>33,977</u>	<u>722</u>	<u>745,951</u>	<u>1,254,971</u>	<u>\$ (200,962)</u>	<u>8,345</u>	<u>(249)</u>	<u>(192,866)</u>
Total Liabilities and Fund Balances	\$ <u>8,939</u>	\$ <u>61,564</u>	\$ <u>71,419</u>	\$ <u>722</u>	\$ <u>783,951</u>	\$ <u>2,033,799</u>	\$ <u>-</u>	\$ <u>8,345</u>	\$ <u>7,001</u>	\$ <u>15,346</u>

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

JUNE 30, 2008

Permanent Funds

	<u>Charity Trust</u>	<u>Town School</u>	<u>F.L. Rathbun Estate</u>	<u>Cemetery</u>	<u>Thomas Jahelka</u>	<u>Bicentennial Scholarship</u>	<u>Total</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS									
Cash and cash equivalents	\$	\$ 588	\$	\$ 2,805	\$	\$	\$ 3,393	\$	\$ 1,181,173
Investments	2,442		1,389	190,121	2,429	2,798	199,179		983,130
Due from other governments							-		20,759
Accounts receivable				356			356		9,769
Due from other funds								51,309	107,303
Inventory							-		1,248
Total Assets	<u>\$ 2,442</u>	<u>\$ 588</u>	<u>\$ 1,389</u>	<u>\$ 193,282</u>	<u>\$ 2,429</u>	<u>\$ 2,798</u>	<u>\$ 202,928</u>	<u>\$ 51,309</u>	<u>\$ 2,303,382</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$	\$	\$	\$	\$	\$	\$ -	\$	\$ 122,169
Due to other funds							-		399,431
Deferred revenue							-		465,440
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>987,040</u>
Fund Balances:									
Reserved:									
Permanent Funds	1,000	587	500	35,587	610	2,706	40,990		40,990
Debt Service							-	51,309	51,309
Unreserved:									
Special Revenue Funds							-		1,254,971
Capital Projects Funds							-		(192,866)
Permanent Funds	1,442	1	889	157,695	1,819	92	161,938		161,938
Total fund balance	<u>2,442</u>	<u>588</u>	<u>1,389</u>	<u>193,282</u>	<u>2,429</u>	<u>2,798</u>	<u>202,928</u>	<u>51,309</u>	<u>1,316,342</u>
Total Liabilities and Fund Balances	<u>\$ 2,442</u>	<u>\$ 588</u>	<u>\$ 1,389</u>	<u>\$ 193,282</u>	<u>\$ 2,429</u>	<u>\$ 2,798</u>	<u>\$ 202,928</u>	<u>\$ 51,309</u>	<u>\$ 2,303,382</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, 2008

	Special Revenue Funds									
	WPCA Sewer	Senior Transportation	Reserve Fund for Capital and Nonrecurring	Miscellaneous Grants	Open Space	Recreation Activity	Reserve for Revaluation	Dog Pound Improvements	Mobility Project	Senior Center Donations
Revenues:										
Intergovernmental revenues	\$	\$	\$	\$ 16,666	\$	\$	\$	\$	\$	\$
Charges for sales and services	136,726					51,910				
Income on investments	3,050	723	52,258		142		3,051			
Other					500					
Donations and gifts		2,974						1,206		201
Total revenues	<u>139,776</u>	<u>3,697</u>	<u>52,258</u>	<u>16,666</u>	<u>642</u>	<u>51,910</u>	<u>3,051</u>	<u>1,206</u>	<u>-</u>	<u>201</u>
Expenditures:										
Current:										
General government							203,556			
Public works	166,208			15,503					111	
Health and welfare										
Recreation and leisure						70,682				
Education										
Debt service					2,114					
Capital outlay			44,073							4,463
Total expenditures	<u>166,208</u>	<u>-</u>	<u>44,073</u>	<u>15,503</u>	<u>2,114</u>	<u>70,682</u>	<u>203,556</u>	<u>-</u>	<u>111</u>	<u>4,463</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(26,432)</u>	<u>3,697</u>	<u>8,185</u>	<u>1,163</u>	<u>(1,472)</u>	<u>(18,772)</u>	<u>(200,505)</u>	<u>1,206</u>	<u>(111)</u>	<u>(4,262)</u>
Other Financing Sources (Uses):										
Transfers in			125,000		50,000		20,000			
Transfers out			(295,985)							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(170,985)</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(26,432)	3,697	(162,800)	1,163	48,528	(18,772)	(180,505)	1,206	(111)	(4,262)
Fund Balances at Beginning of Year	70,615	9,457	439,190	5,630	20,032	(2,060)	239,384	1,587	-	19,835
Fund Balances at End of Year	<u>\$ 44,183</u>	<u>\$ 13,154</u>	<u>\$ 276,390</u>	<u>\$ 6,793</u>	<u>\$ 68,560</u>	<u>\$ (20,832)</u>	<u>\$ 58,879</u>	<u>\$ 2,793</u>	<u>\$ (111)</u>	<u>\$ 15,573</u>

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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, 2008

	<u>Special Revenue Funds</u>					<u>Capital Project Funds</u>				
	<u>Records Preservation</u>	<u>Educational Grants</u>	<u>School Cafeteria</u>	<u>Food Bank</u>	<u>William Palmer</u>	<u>Total</u>	<u>Bridge Construction</u>	<u>Local Wastewater Project</u>	<u>Walkable Moodus</u>	<u>Total</u>
Revenues:										
Intergovernmental revenues	\$ 7,000	\$ 515,878	\$ 46,425			\$ 585,969			\$ 13,780	\$ 13,780
Charges for sales and services	2,343		299,961			490,940				-
Income on investments					(34,404)	24,820			14,007	14,007
Other			26,100			26,600				-
Donations and gifts		310,769				315,150				-
Total revenues	<u>9,343</u>	<u>826,647</u>	<u>372,486</u>	<u>-</u>	<u>(34,404)</u>	<u>1,443,479</u>	<u>-</u>	<u>-</u>	<u>27,787</u>	<u>27,787</u>
Expenditures:										
Current:										
General government	7,193					210,749				-
Public works						181,822	154,903	9		154,912
Health and welfare					11,435	11,435				-
Recreation and leisure						70,682				-
Education		826,647	366,768			1,193,415				-
Debt service						2,114				-
Capital outlay						48,536	46,059		28,036	74,095
Total expenditures	<u>7,193</u>	<u>826,647</u>	<u>366,768</u>	<u>-</u>	<u>11,435</u>	<u>1,718,753</u>	<u>200,962</u>	<u>9</u>	<u>28,036</u>	<u>229,007</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,150</u>	<u>-</u>	<u>5,718</u>	<u>-</u>	<u>(45,839)</u>	<u>(275,274)</u>	<u>(200,962)</u>	<u>(9)</u>	<u>(249)</u>	<u>(201,220)</u>
Other Financing Sources (Uses):										
Transfers in	2,343		10,000			207,343				-
Transfers out					(38,000)	(333,985)				-
Total other financing sources (uses)	<u>2,343</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(38,000)</u>	<u>(126,642)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	4,493	-	15,718	-	(83,839)	(401,916)	(200,962)	(9)	(249)	(201,220)
Fund Balances at Beginning of Year	4,446	-	18,259	722	829,790	1,656,887	-	8,354	-	8,354
Fund Balances at End of Year	<u>\$ 8,939</u>	<u>\$ -</u>	<u>\$ 33,977</u>	<u>\$ 722</u>	<u>\$ 745,951</u>	<u>\$ 1,254,971</u>	<u>\$ (200,962)</u>	<u>\$ 8,345</u>	<u>\$ (249)</u>	<u>\$ (192,866)</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, 2008

	<u>Permanent Funds</u>							<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Charity Trust</u>	<u>Town School</u>	<u>F.L. Rathbun Estate</u>	<u>Cemetery</u>	<u>Thomas Jahelka</u>	<u>Bicentennial Scholarship</u>	<u>Total</u>		
Revenues:									
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$
Charges for sales and services									
Income on investments	77		57	7,011	2	90	7,237		46,064
Other							-		26,600
Donations and gifts							-		315,150
Total revenues	<u>77</u>	<u>-</u>	<u>57</u>	<u>7,011</u>	<u>2</u>	<u>90</u>	<u>7,237</u>		<u>1,478,503</u>
Expenditures:									
Current:									
General government							-		210,749
Public works							-		336,734
Health and welfare				8,242			8,242		19,677
Recreation and leisure							-		70,682
Education						100	100		1,193,515
Debt service							-		2,114
Capital outlay							-		122,631
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,242</u>	<u>-</u>	<u>100</u>	<u>8,342</u>	<u>-</u>	<u>1,956,102</u>
Excess (Deficiency) of Revenues over Expenditures	<u>77</u>	<u>-</u>	<u>57</u>	<u>(1,231)</u>	<u>2</u>	<u>(10)</u>	<u>(1,105)</u>	<u>-</u>	<u>(477,599)</u>
Other Financing Sources (Uses):									
Transfers in							-	51,309	258,652
Transfers out							-		(333,985)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,309</u>	<u>(75,333)</u>
Net Change in Fund Balances	77	-	57	(1,231)	2	(10)	(1,105)	51,309	(552,932)
Fund Balances at Beginning of Year	<u>2,365</u>	<u>588</u>	<u>1,332</u>	<u>194,513</u>	<u>2,427</u>	<u>2,808</u>	<u>204,033</u>	<u>-</u>	<u>1,869,274</u>
Fund Balances at End of Year	<u>\$ 2,442</u>	<u>\$ 588</u>	<u>\$ 1,389</u>	<u>\$ 193,282</u>	<u>\$ 2,429</u>	<u>\$ 2,798</u>	<u>\$ 202,928</u>	<u>\$ 51,309</u>	<u>\$ 1,316,342</u>

TOWN OF EAST HADDAM, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Student Activity Fund				
Assets:	\$ 136,611	\$ 453,860	\$ 440,056	\$ 150,415
Cash and cash equivalents				
Liabilities:	\$ 136,611	\$ 453,860	\$ 440,056	\$ 150,415
Due to student groups				
Driveway Bonds				
Assets:	\$ 98,398	\$ 16,750	\$ 18,500	\$ 96,648
Cash and cash equivalents				
Liabilities:	\$ 98,398	\$ 16,750	\$ 18,500	\$ 96,648
Due to contractors and others				
Total				
Assets:	\$ 235,009	\$ 470,610	\$ 458,556	\$ 247,063
Cash and cash equivalents				
Liabilities:	\$ 235,009	\$ 470,610	\$ 458,556	\$ 247,063
Due to student groups, contractors and others				

TOWN OF EAST HADDAM, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2008

(in Thousands)

Total tax collections (including interest and lien fees) received by
Treasurer for year ended June 30, 2008 \$ 19,570

	<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	\$ 44,033	\$	\$	\$	\$
4-1/2 times base		88,065			
3-3/4 times base			73,388		
3-1/4 times base				63,603	
3 times base					58,710
Total debt limitation	<u>44,033</u>	<u>88,065</u>	<u>73,388</u>	<u>63,603</u>	<u>58,710</u>
Indebtedness:					
Bonds payable	500	19,300	657		
Bond Anticipation Notes		4,700			
Bonds authorized - unissued	4,500	18,298	15		
Building grant commitments		(15,667)			
Building grants receivable		(1,392)			
Total indebtedness	<u>5,000</u>	<u>25,239</u>	<u>672</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 39,033</u>	<u>\$ 62,826</u>	<u>\$ 72,716</u>	<u>\$ 63,603</u>	<u>\$ 58,710</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$136,990)

TOWN OF EAST HADDAM, CONNECTICUT

BOND PAYMENT SCHEDULE

JUNE 30, 2008

52

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
2009	\$ 625,000	\$ 653,782	\$ 270,000	\$ 41,495	\$ 540,000	\$ 84,450	\$ 82,177	\$ 12,737	\$ 1,517,177	\$ 792,464
2010	625,000	631,906	265,000	33,935	535,000	60,150	82,177	11,094	1,507,177	737,085
2011	625,000	611,594	255,000	25,985	530,000	36,075	82,177	9,450	1,492,177	683,104
2012	625,000	591,282	250,000	17,570	260,000	11,960	82,177	7,807	1,217,177	628,619
2013	750,000	570,969	245,000	8,820			82,177	6,163	1,077,177	585,952
2014	775,000	546,594					82,177	4,520	857,177	551,114
2015	900,000	509,782					82,178	2,876	982,178	512,658
2016	900,000	480,532					82,177	1,233	982,177	481,765
2017	910,000	450,156							910,000	450,156
2018	920,000	416,031							920,000	416,031
2019	920,000	372,331							920,000	372,331
2020	925,000	335,531							925,000	335,531
2021	925,000	298,531							925,000	298,531
2022	925,000	261,531							925,000	261,531
2023	925,000	224,531							925,000	224,531
2024	875,000	186,375							875,000	186,375
2025	875,000	150,281							875,000	150,281
2026	875,000	113,093							875,000	113,093
2027	875,000	75,906							875,000	75,906
2028	875,000	38,281							875,000	38,281
	<u>\$ 16,650,000</u>	<u>\$ 7,519,019</u>	<u>\$ 1,285,000</u>	<u>\$ 127,805</u>	<u>\$ 1,865,000</u>	<u>\$ 192,635</u>	<u>\$ 657,417</u>	<u>\$ 55,880</u>	<u>\$ 20,457,417</u>	<u>\$ 7,895,339</u>