

CITY OF NEW HAVEN, CONNECTICUT

FINANCIAL REPORT
For the Year Ended June 30, 2010

CITY OF NEW HAVEN, CONNECTICUT

FINANCIAL REPORT

For the Year Ended June 30, 2010

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Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of
Aldermen of the City of New Haven
New Haven, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Haven, Connecticut (the "City"), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of New Haven, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Haven Parking Authority, a component unit of the City, which reflects 74% of revenues and 81% of the assets of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Haven Parking Authority, is based solely on the report of the other auditors.

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. The financial statements of the New Haven Parking Authority were not audited in accordance with "Government Auditing Standards." An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Haven, Connecticut as of June 30, 2010, 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.

As described in Note 18 to the basic financial statements, the beginning net assets of Governmental Activities and the Governmental Funds, as of July 1, 2009 have been restated for a correction of an error. We also audited the adjustments described in Note 18 that were applied to restate net assets as of July 1, 2009. In our opinion, the adjustments are appropriate and have been properly applied.

In accordance with "Government Auditing Standards," we have also issued our report dated January 26, 2011, on our consideration of the City of New Haven, 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 "Governmental Auditing Standards," and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information and the pension plans and other post employment plan schedules of funding progress and schedules of employer contributions 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 City's basic financial statements. The budgetary schedule summary, the supplemental combining and individual nonmajor fund statements and capital assets schedule and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The summary combining and individual nonmajor fund statements and capital assets schedule and other schedule 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.

McGladrey & Pullen, LLP

New Haven, Connecticut
January 26, 2011



CITY OF NEW HAVEN
Department of Finance



John DeStefano Jr.
Mayor

Mark Pietrosimone
City Controller

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of New Haven, Connecticut, we offer readers of the City of New Haven's financial statements this narrative overview and analysis of the financial activities of the City of New Haven for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we furnished in our letter of transmittal.

Overview of Financial Statements

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of New Haven's finances, in a manner similar to a private sector business.

The analysis of the City as a whole begins on Exhibit A and B of the following audit. The statement of net assets presents information on all of the City of New Haven's assets and liabilities, with the difference between the two reported as net assets. The statements reflect the accrual basis of accounting, which is similar to 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.

The government-wide financial statements report the City's assets and changes in them. The City's net assets, the difference between assets and liabilities are a way to monitor the City's financial health. Over time, increases and decreases in net assets does serve as an indicator of whether the financial position of the City of New Haven has changed.

In the statement of net assets and the statement of activities the City reports its activities:

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

Business Type Activities - The business type activities of the City of New Haven consist of the Golf Course Enterprise Fund, Skating Rink Enterprise Fund, and the Radio Tower Enterprise Fund.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the City of New Haven can be grouped into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflow and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Proprietary Funds: The City of New Haven has two different types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of New Haven uses enterprise funds to account for its Golf Course, Skating Rink and Radio Tower funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of New Haven's various functions. The City of New Haven uses internal service funds to account for Self-Insurance Liability, Medical Self-Insurance and Workers Compensation. Because these funds predominately benefit governmental rather than business-type activities, they have been included within the governmental activities in the government-wide financial statements.

The City has two component units. The New Haven Parking Authority and the New Haven Solid Waste Authority, and independent audits are available for these component units.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of New Haven's governmental or business type activities. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found in Exhibits I and J of the audited financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City of New Haven's combined net assets increased from a year ago by approximately \$51.1 million to \$766,275,489. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

CITY OF NEW HAVEN, CONNECTICUT
NET ASSETS
June 30, 2010 and 2009

TABLE 1

	Governmental Activities		Business-Type Activities		Total	
	2010	2009*	2010	2009	2010	2009
Current and other assets	\$ 221,030,250	\$ 243,474,466	\$ 779,568	\$ 1,967,242	\$ 221,809,818	\$ 245,441,708
Capital assets	1,379,158,636	1,297,817,146	-	-	1,379,158,636	1,297,817,146
Total assets	1,600,188,886	1,541,291,612	779,568	1,967,242	1,600,968,454	1,543,258,854
Other liabilities	162,821,929	187,944,337	127,568	319,308	162,949,497	188,263,645
Long-term liabilities outstanding	671,743,468	639,793,314	-	-	671,743,468	639,793,314
Total liabilities	834,565,397	827,737,651	127,568	319,308	834,692,965	828,056,959
Net assets:						
Invested in capital assets, net of related debt	790,216,721	714,926,325	-	-	790,216,721	714,926,325
Restricted	12,550,193	12,887,497	-	-	12,550,193	12,887,497
Unrestricted	(37,143,425)	(14,259,861)	652,000	1,647,934	(36,491,425)	(12,611,927)
Total net assets	\$ 765,623,489	\$ 713,553,961	\$ 652,000	\$ 1,647,934	\$ 766,275,489	\$ 715,201,895

* As restated, See Note 18

As of the close of the current fiscal year the City of New Haven's governmental funds reported combined total net assets of \$765,623,489 million, an increase of approximately \$51.1 million in comparison with the prior year.

The change in governmental net assets is illustrated below:

CITY OF NEW HAVEN, CONNECTICUT
CHANGES IN NET ASSETS
For the Years Ended June 30, 2010 and 2009

TABLE 2

	Governmental Activities		Business-Type Activities		Total	
	2010	2009*	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for services	\$ 32,703,214	\$ 48,839,095	\$ 1,353,464	\$ 1,225,554	\$ 34,056,678	\$ 50,064,649
Operating grants and contribution	304,571,883	273,622,190	-	-	304,571,883	273,622,190
Capital grants and contributions	69,966,267	110,706,951	-	-	69,966,267	110,706,951
General Revenues:						
Property taxes	213,331,992	205,341,003	-	-	213,331,992	205,341,003
Grants and contributions not restricted to specific programs	54,721,798	53,566,498	-	-	54,721,798	53,566,498
Investment earnings	192,676	823,478	339	1,818	193,015	825,296
Gain on sale	3,775,000	7,475,580	-	-	3,775,000	7,475,580
Transfers	1,466,241	110,000	(1,466,241)	(110,000)	-	-
Total revenues	680,729,071	700,484,795	(112,438)	1,117,372	680,616,633	701,602,167
Expenses:						
Program Expenses:						
General government	38,324,187	33,128,676	-	-	38,324,187	33,128,676
Education	369,049,226	281,171,745	-	-	369,049,226	281,171,745
Public safety	95,866,212	70,113,405	-	-	95,866,212	70,113,405
Public works	46,150,257	25,800,652	-	-	46,150,257	25,800,652
Public services	36,094,387	41,512,155	-	-	36,094,387	41,512,155
Employee benefits and insurance	-	115,508,082	-	-	-	115,508,082
Culture and recreation	12,194,921	9,665,487	-	-	12,194,921	9,665,487
Economic Development	8,599,509	39,221,060	-	-	8,599,509	39,221,060
Interest on long-term debt	22,380,844	21,900,866	-	-	22,380,844	21,900,866
Business Type	-	-	883,496	1,255,002	883,496	1,255,002
Total expenses	628,659,543	638,022,128	883,496	1,255,002	629,543,039	639,277,130
Change in net assets	52,069,528	62,462,667	(995,934)	(137,630)	51,073,594	62,325,037
Net Assets, beginning	713,553,961	597,091,294	1,647,934	1,785,564	715,201,895	598,876,858
Restatement, Note 18	-	54,000,000	-	-	-	54,000,000
Net Assets, ending	<u>\$765,623,489</u>	<u>\$713,553,961</u>	<u>\$ 652,000</u>	<u>\$ 1,647,934</u>	<u>\$766,275,489</u>	<u>\$715,201,895</u>

* As restated, See Note 18

Employee benefits in the amount of \$115.7 million were allocated to the various departments for fiscal year 2010.

Financial Highlights

- The City finished the FY 10 General Fund budget (primary operating fund) with an operating surplus of \$151,928.
- The City's final revision to the FY 10 budget was through the submission of the June 2010 Monthly Report, which was submitted to the Board of Alderman on July 28, 2010 and approved by the Board of Aldermen on November 15, 2010.
- The City's mill rate was maintained at 42.21 (per thousand) in FY10.
- The City's FY10, total gross taxable grand list increased to \$4,932,655,450 as compared to FY 09 total gross taxable grand list of \$4,450,571,438.
- As of the year-end, the Education Grant Fund reported a fund deficit of \$.3 million which is \$.4 million more than the beginning of the year.
- As of the year-end, the Capital Projects Fund reported a fund deficit of \$53.6 million which is \$1.5 million more than the beginning of the year. Major impacts were intergovernmental revenues for school construction from state, issuance of bonds and expenditures mainly for school construction.

General Fund Fund Balance, Ratings and City Debt

A positive fund balance would allow the City to meet unexpected expenditure demands or revenue declines if the current City budget was unable to meet such demands without suddenly having a mid-year tax increase.

The year ending audited General Fund-Fund Balance for FY 10 is \$16,177,717 which reflects a .01% increase over the previous year.

Rating Agencies look to fund balance as a barometer of fiscal health for the City. These rating agencies rate the risk for investors willing to buy debt issued for the purpose of financing the City's capital projects. The City's ratings history has remained unchanged for the last ten years with both Moody's and Standard and Poor's. In 2005 the City received its current rating from Fitch Investors Service. Most recently, the City's rating with Moody's moved from A3 to A1, but that is attributed to recalibration by the Moody's.

The higher ratings translate into lower interest costs on capital borrowings. The City sold \$50.4 million in general obligation bonds in February 2010. To do so, the City's current financial health was reviewed by the following rating agencies:

Moody's Investment Services	A1 rating
Standard and Poor's	A- rating
Fitch Investors Services	A+ rating

Ratings were last issued in October 2010.

All three rating agencies view the City's economic base anchored by the higher education presence of Yale University and other education institutions, strong presence of medical, healthcare, pharmaceuticals and biotechnology. A demonstrated commitment to invest in new construction and area improvements are very strong indicators of continued tax base growth. Additional positive indicators identified were the City's strong and stable management team which provides the proper focus for long term planning for the City and a consistent capability to achieve annually reported positive financial performances.

The City's bonds outstanding, as of June 30, 2010 totaled \$511,287,768 compared to June 30, 2009 total of \$501,192,130.

<u>Bonds Outstanding at Year-End</u>	
June 30, 2008	\$ 497,007,908
June 30, 2007	\$ 490,896,510
June 30, 2006	\$ 503,307,879
June 30, 2005	\$ 525,278,746
June 30, 2004	\$ 500,848,442
June 30, 2003	\$ 428,682,276

The City's current debt service requirements attribute 63% of its costs to the City's Board of Education (includes both School construction and non school construction capital cost) and 37% of its cost to other City capital expenses

Capital Assets

At June 30, 2010 the City had \$1.4 billion invested in a broad range of capital assets, including land, construction in process, buildings, vehicles and equipment, roads, bridges and storm sewer lines.

**CITY OF NEW HAVEN, CONNECTICUT
CAPITAL ASSETS
(Net of Depreciation)**

TABLE 3

	<u>2010</u>	<u>2009</u>
Land	\$ 44,140,306	\$ 44,140,306
Construction in process	48,686,284	343,623,596
Land improvements	462,693	283,347
Building and improvements	1,207,460,298	826,113,924
Machinery and equipment	3,622,823	4,712,750
Vehicles	6,770,829	6,940,294
Infrastructure	68,015,403	72,002,929
Total	<u>\$ 1,379,158,636</u>	<u>\$ 1,297,817,146</u>

FY 2010's major additions included the continuing improvements and construction of refurbished and new school construction as part of the City's \$1.5 billion dollar school construction program.

FY 10 General Fund Budget

The Board of Aldermen originally approved the Mayor's FY 10 City General Fund Budget on May 26, 2009 in compliance with City Charter requirements. The Connecticut State Legislature had not yet completed the State's budget. After the State budget process was completed, certain State Revenue items listed in the City's recently adopted budget needed to be changed. In previous years, State revenue had accounted for more than fifty percent of the City budget. In Fiscal Year 2010 State revenue was about forty six percent of the City's general fund budget. The mill rate remained level, the City froze the grand list at its current level (did not continue the phase in plan of the 2006 State mandated property revaluation).

About 37% of the total budget is for the Board of Education. Of the City's entire \$464,000,758 general fund budget, \$173,719,297 is budgeted for the Board of Education and \$290,281,461 is non-Education related.

Beginning with the submission of the August 2009 Monthly Report, City Administrators projected several deficit areas in the general fund budget. In accordance with City Ordinance Section 2-389, "Action to eliminate a Projected Deficit", the monthly report contained a plan of action to avert the potential deficit areas as indicated by City Administrators and to balance the budget. The plan included a strict expenditure controls program, including a freeze on personnel hiring, energy procurement and conservation, review of capital project balances, stricter oversight over Police and Fire overtime spending, and pre-approval of all non personnel spending. In addition, initiatives were established on the revenue side of the budget. A strong property tax collection program was implemented as well as reviews of all development and PILOT agreements, expanded assessment initiatives, including motor vehicle discovery and the initiation of a personal property tax audit program, increase the parking tag collection program, transfer of residual balances from the transfer station enterprise program and the sale of certain City assets.

Internal Service Funds:

The City's internal service funds are for Self-Insurance, Medical Self-Insurance and Worker's Compensation.

Self Insurance:

The City's self insurance fund has negative net assets of \$16,164,867 of which, \$8.8 million is attributed to case reserves. Approximately \$7.4 million represents an under-funded liability for the City. The total negative net assets are slightly lower than the previous year total which was reported as \$17,931,695. Case reserves decreased from \$9.2 million to \$8.8 million and a decrease of \$.4 million and the under-funded liability decreased from \$8.7 million to \$7.4 million.

In order to make the fund whole, the City has developed a plan which includes increases in the annual appropriation to the fund. Since FY2006 the City has steadily increased its appropriation for the fund. In 2006, the general fund appropriation increased to \$2.5 million from the previous year's \$1.7 million, in FY2007, the appropriation was increased to \$2.5 million, increased to \$2.7 million in FY2008 and FY2009. In FY 2010, the general fund appropriation was increased to \$2.9 million and in FY 2011, the appropriation was increased to \$4.0 million.

At the same time and as part of the City's overall plan, the City has introduced and maintained many risk control programs to its various City agencies in order to limit its risk. Most importantly, the City has worked steadfastly on work zone safety including street and road construction, driver training and conducts safety meetings with all of its City agencies.

Another part of the plan to limit risk includes the City maintaining its General Liability and Public Officials Liability insurances, paying in excess of \$1 million annually in insurance premiums.

Medical Self-Insurance:

As a self insured entity, the City covers all associated costs for its employees medical insurance, Anthem Health Care Plans is the Third Party Administrator and the City uses the Anthem Health Care network. The Medical Self Insurance account ended with a slight surplus of \$11,604 for the year ending June 30, 2010. There was a .039% increase in total expenditures from \$57,707,083 spent in FY 09 to \$59,923,428 spent in FY 2010. Besides inflationary factors, the increase in cost is mainly due to utilization and to a lesser degree to an increase in cost per service. Annually, the City solicits proposals from Insurance Companies interested in providing excess "stop loss" medical benefit insurance. The City has been able to obtain this insurance for FY 2010, with a stop gap limit of \$1 million.

Worker's Compensation:

The Worker's Compensation fund shows a small surplus \$34,572. This is a turn around from the previous year's \$3,757,623 deficit. The City was able to recoup \$2.0 million in costs for the one case that made up this deficit.

Capital Project Funds:

The City and Board of Education's capital projects are primarily funded through the City's Capital Project Fund Budget. Funds are borrowed to finance the cost of capital improvements throughout the City, Board of Education and City's share of the cost for the City Wide School Construction Program. Capital debt is amortized and its annual payments are appropriated in the City's General Fund Budget.

The Office of the Controller enforces certain spending controls in its administration and expenses for Capital Projects. All Capital expenditures must be appropriate in their use as stated in the capital funds narrative. The City implemented the Capital Funds Borrowing Plan in fiscal year 2003. The plan calls for annual reviews of all outstanding capital appropriations for their importance and priority. It also defines the life of a capital appropriations and established procedures so that capital borrowings meet the financial parameters established in the Capital Funds Borrowing Plan. The review of capital appropriations successfully resulted in the closing out of various capital accounts when projects were completed and funds remained unspent and un-obligated. In FY 2010, the Capital review resulted in savings that was used to reduce the debt service for the general fund by about \$2.6m.

Education Grants:

The City's Education Grant Funds reported an increase in revenues of \$3.5 million and an increase in spending of \$5.3 million, and in addition, the City transferred in \$1.6 million of General Fund contributions to the Food Service Fund for the City's School Breakfast and Lunch Programs. The City received \$8.6 million of America Recovery and Reinvestment Act funds.

Pension Funds:

The City of New Haven is the administrator of two single employer public retirement systems established by the City to provide pension benefits for its employees. The Public employee retirement systems are considered part of the City of New Haven's financial reporting entity and are included in the City's financial reports as pension trust funds. The City provides benefits through a single employer, contributory, defined benefit plan in which practically all full time employees of the general fund, including non-certified Board of

Education employees are eligible under the City Employees Retirement Fund (CERF) while all policemen and firemen are eligible in the Policemen and Firemen Retire Fund (P&F). CERF was established in 1938. The Policemen and Firemen's fund was created in 1958 as a replacement for separate police and fire pension funds. The former Policemen's Relief Fund and the Firemen's Relief Fund were merged into the combined fund in 1990. Retirements benefits for certified teachers are provided by the Connecticut State Teacher's Retirement System. The City does not contribute to this plan.

Since the approval of the FY 95 budget, the City has contributed 100% of the actuarial recommendations to its two employee retirement funds. In 1992, the City Employees Retirement Fund (CERF) was valued at \$84,075,100 and the Police and Fire Retirement Fund (P&F) was \$115,987,200. In 2008, the CERF was valued at \$207,242,950 and P&F was \$311,118,315. Subsequently, as the United States and world economy worsened, both funds experience a dramatic decrease in value in FY2009. However, FY2010 has shown the funds slowly rebounding and regaining value. Current values indicate the CERF at \$169,773,595 (September 2010) and the P & F at \$272,382,000 (as of September 30, 2010).

The FY 2010 budgeted general fund appropriation for the CERF was \$11,501,000 and for the P & F was \$17,811,000.

There are 1,065 retirees and beneficiaries receiving benefits from CERF with 1,192 active plan members. There are 1,095 retirees and beneficiaries receiving benefits from P & F with 773 active plan members.

The funded ratio, which is defined to be the percentage that is obtained when the plan assets are divided by the total accrued liability of the plan, is for CERF 56.3% in 2008 and for P&F 55.6% in 2008.

Tax Collections

Current Taxes

The City's tax collection rate for FY 10 was 98.22%, a slight decrease from last year's rate of 98.36%.

Individually, real estate collections were \$171,461,325 personal property collections were \$16,849,930 Motor Vehicle collections were \$11,809,792 and supplemental motor vehicle collections were \$1,938,928.

Conclusion:

The preparation of this report could not have been accomplished if it were not for the dedicated services of the staffs of the Department of Finance, Office of Management and Budget and members of other City departments who assisted in its compilation, to which I hereby express my heartfelt appreciation. I also extend this appreciation to Mayor John DeStefano, Jr., Board of Aldermen President Carl Goldfield, Finance Committee Chair Yusuf I. Shah and the Board of Aldermen for their interest and support in the conducting of the financial operations of this City in a responsible and progressive manner.

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Basic Financial Statements

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CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total *
Assets			
Cash and cash equivalents	\$ 75,196,626	\$ 695,673	\$ 75,892,299
Investments	5,844,907	-	5,844,907
Receivables (net of allowance for uncollectible)	91,916,171	81,707	91,997,878
Inventories	50,986	-	50,986
Prepaid expenses and other assets	-	-	-
Deferred charges	3,692,662	-	3,692,662
Due from component units	229,740	-	229,740
Due to other funds	(2,188)	2,188	-
Restricted cash and cash equivalents	-	-	-
Restricted investments	-	-	-
Long-term intergovernmental receivables	44,101,346	-	44,101,346
Capital assets not being depreciated	92,826,590	-	92,826,590
Capital assets being depreciated	1,286,332,046	-	1,286,332,046
Total assets	1,600,188,886	779,568	1,600,968,454
Liabilities			
Accounts payable and accrued liabilities	79,105,133	127,568	79,232,701
Accrued interest payable	6,450,087	-	6,450,087
Due to primary government	-	-	-
Unearned revenue	11,748,149	-	11,748,149
Grant anticipation notes	65,518,560	-	65,518,560
Noncurrent Liabilities:			
Due within one year	72,418,037	-	72,418,037
Due in more than one year	599,325,431	-	599,325,431
Total liabilities	834,565,397	127,568	834,692,965
Net Assets			
Invested in capital assets, net of related debt	790,216,721	-	790,216,721
Restricted for:			
Special revenues	10,013,320	-	10,013,320
Permanent funds	2,536,873	-	2,536,873
Other	-	-	-
Unrestricted (deficit)	(37,143,425)	652,000	(36,491,425)
Total net assets	\$ 765,623,489	\$ 652,000	\$ 766,275,489

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

* After internal receivable and payables have been eliminated.

EXHIBIT A

Component Units			
Parking Authority	Solid Waste Authority	Coliseum Authority	
\$ 7,558,595	\$ 250	\$ -	
-	-	-	
1,073,081	1,123,037	-	
435,468	-	-	
351,477	-	-	
-	-	-	
11,592,546	434,902	-	
2,910,102	3,261,415	-	
-	-	-	
840,531	2,455,000	-	
26,750,435	5,003,934	-	
51,512,235	12,278,538	-	
2,016,896	822,384	-	
67,234	-	-	
229,740	-	-	
-	-	-	
-	-	-	
2,247,654	385,000	-	
12,771,388	9,656,216	-	
17,332,912	10,863,600	-	
12,923,401	1,458,934	-	
-	-	-	
-	-	-	
14,161,275	-	-	
7,094,647	(43,996)	-	
\$ 34,179,323	\$ 1,414,938	\$ -	

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ (38,324,187)	\$ 12,186,700	\$ 8,580,128	\$ -
Education	(369,049,226)	2,463,613	242,979,751	69,355,796
Public Safety	(95,866,212)	186,699	97,253	-
Public Works	(46,150,257)	14,449,054	20,933,334	610,471
Public Services	(36,094,387)	3,180,591	31,981,417	-
Economic Development	(8,599,509)	-	-	-
Culture and Recreation	(12,194,921)	236,557	-	-
Interest on Long-Term Debt	(22,380,844)	-	-	-
Total governmental activities	(628,659,543)	32,703,214	304,571,883	69,966,267
Business-Type Activities				
Recreation	(883,496)	1,353,464	-	-
Total primary government	(629,543,039)	34,056,678	304,571,883	69,966,267
Component Units:				
Parking Authority	(18,744,077)	19,849,662	808,704	-
Solid Waste Authority	(6,920,401)	7,123,394	-	-
Coliseum Authority	(2,955)	-	-	-
Total component units	(25,667,433)	26,973,056	808,704	-

General revenues:
Property taxes
Grants and contributions not restricted to specific programs
Investment earnings
Gain on sale of capital assets
Transfers
Total general revenues and transfers

Change in net assets

Net assets, beginning, as restated, (Note 18)

Net assets - ending

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

EXHIBIT B

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Parking Authority	Solid Waste Authority	Coliseum Authority
\$ (17,557,359)	\$ -	\$ (17,557,359)	\$ -	\$ -	\$ -
(54,250,066)	-	(54,250,066)	-	-	-
(95,582,260)	-	(95,582,260)	-	-	-
(10,157,398)	-	(10,157,398)	-	-	-
(932,379)	-	(932,379)	-	-	-
(8,599,509)	-	(8,599,509)	-	-	-
(11,958,364)	-	(11,958,364)	-	-	-
(22,380,844)	-	(22,380,844)	-	-	-
<u>(221,418,179)</u>	<u>-</u>	<u>(221,418,179)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	469,968	469,968	-	-	-
<u>(221,418,179)</u>	<u>469,968</u>	<u>(220,948,211)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	1,914,289	-	-
-	-	-	-	202,993	-
-	-	-	-	-	(2,955)
-	-	-	<u>1,914,289</u>	<u>202,993</u>	<u>(2,955)</u>
213,331,992	-	213,331,992	-	-	-
54,721,798	-	54,721,798	-	-	-
192,676	339	193,015	186,955	12,176	-
3,775,000	-	3,775,000	-	-	-
1,466,241	(1,466,241)	-	-	-	-
<u>273,487,707</u>	<u>(1,465,902)</u>	<u>272,021,805</u>	<u>186,955</u>	<u>12,176</u>	<u>-</u>
52,069,528	(995,934)	51,073,594	2,101,244	215,169	(2,955)
713,553,961	1,647,934	715,201,895	32,078,079	1,199,769	2,955
<u>\$ 765,623,489</u>	<u>\$ 652,000</u>	<u>\$ 766,275,489</u>	<u>\$ 34,179,323</u>	<u>\$ 1,414,938</u>	<u>\$ -</u>

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	Education Grants	Capital Project Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 28,792,635	\$ 6,974,399	\$ 15,290,822	\$ 20,331,747	\$ 71,389,603
Investments	1,681,697	-	-	4,163,210	5,844,907
Receivables from other governments	51,292,297	2,998,597	56,452,183	3,776,150	114,519,227
Receivables, net	18,031,991	1,188,661	281,807	508,782	20,011,241
Due from other funds	8,591,526	-	3,497,632	-	12,089,158
Inventories	-	50,986	-	-	50,986
Advances to other funds	7,000,000	-	-	-	7,000,000
Total assets	\$ 115,390,146	\$ 11,212,643	\$ 75,522,444	\$ 28,779,889	\$ 230,905,122
Liabilities					
Accounts payable	\$ 15,268,438	\$ 3,550,929	\$ 10,505,657	\$ 4,551,834	\$ 33,876,858
Accrued liabilities	12,206,218	-	50,040	353,575	12,609,833
Retainage payable	-	-	5,788,000	640,690	6,428,690
Due to other funds	-	3,370,750	-	6,355,937	9,726,687
Due to other governments	226,449	-	-	583,494	809,943
Deferred revenue	55,029,206	-	46,230,773	732,534	101,992,513
Unearned revenue	11,728,364	-	-	19,785	11,748,149
Grant anticipation notes	-	-	65,518,560	-	65,518,560
Other liabilities	4,753,754	1,618,457	1,065,400	2,664,354	10,101,965
Advances from other funds	-	3,000,000	-	-	3,000,000
Total liabilities	99,212,429	11,540,136	129,158,430	15,902,203	255,813,198
Fund balances (deficits)					
Reserved for:					
Encumbrances	-	-	53,670,178	21,003,760	74,673,938
Advances	7,000,000	-	-	-	7,000,000
Unreserved/undesignated, reported in:					
General fund	9,177,717	-	-	-	9,177,717
Special revenue funds	-	(327,493)	-	(10,662,947)	(10,990,440)
Capital projects funds	-	-	(107,306,164)	-	(107,306,164)
Permanent funds	-	-	-	2,536,873	2,536,873
Total fund balances (deficits)	16,177,717	(327,493)	(53,635,986)	12,877,686	(24,908,076)
Total liabilities and fund balances (deficits)	\$ 115,390,146	\$ 11,212,643	\$ 75,522,444	\$ 28,779,889	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	1,379,158,636
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(6,450,087)
Deferred Charges	3,692,662
Deferred revenues are not available and therefore not recognized in the funds	101,992,513
Internal service funds are used by management to charge the costs of liability and medical insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(16,118,691)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(671,743,468)

Net assets of governmental activities \$ 765,623,489

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General Fund	Education Grants	Capital Project Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 206,824,921	\$ -	\$ -	\$ -	\$ 206,824,921
Licenses and permits	18,844,871	-	-	-	18,844,871
Intergovernmental	228,896,975	73,904,597	80,817,765	29,412,959	413,032,296
Charges for services	-	2,437,952	-	4,811,449	7,249,401
Fines	5,077,231	-	-	-	5,077,231
Investment earnings	120,213	100	-	72,363	192,676
Payment in lieu of taxes	5,364,603	-	-	-	5,364,603
Other Contributions	12,765,347	819,147	1,719,483	3,908,263	19,212,240
Total revenues	477,894,161	77,161,796	82,537,248	38,205,034	675,798,239
Expenditures					
Current:					
General government	25,646,932	-	-	6,581,521	32,228,453
Public safety	70,769,960	-	-	-	70,769,960
Public works	16,625,665	-	9,011,443	3,424,027	29,061,135
Public services	6,354,148	-	-	27,398,972	33,753,120
Culture and recreation	8,700,514	-	-	-	8,700,514
Employee benefits and insurance	97,698,274	-	-	-	97,698,274
Education	194,071,482	79,102,061	-	-	273,173,543
Economic development	-	-	8,599,509	-	8,599,509
Debt Service:					
Principal	39,149,788	-	-	2,183,763	41,333,551
Interest	20,417,006	-	1,246,954	716,884	22,380,844
Capital outlay	-	-	115,394,256	-	115,394,256
Total expenditures	479,433,769	79,102,061	134,252,162	40,305,167	733,093,159
Revenues over (under) expenditures	(1,539,608)	(1,940,265)	(51,714,914)	(2,100,133)	(57,294,920)
Other Financing Sources (Uses)					
Capital related debt issued	-	-	50,400,000	-	50,400,000
Proceeds from sale of capital assets	3,775,000	-	-	-	3,775,000
Transfers in	-	1,583,464	110,000	2,119,630	3,813,094
Transfers out	(2,083,464)	-	(263,389)	-	(2,346,853)
Total other financing sources (uses)	1,691,536	1,583,464	50,246,611	2,119,630	55,641,241
Net change in fund balances (deficits)	151,928	(356,801)	(1,468,303)	19,497	(1,653,679)
Fund Balances (Deficits), beginning, as restated (Note 18)	16,025,789	29,308	(52,167,683)	12,858,189	(23,254,397)
Fund Balances (Deficits), ending	\$ 16,177,717	\$ (327,493)	\$ (53,635,986)	\$ 12,877,686	\$ (24,908,076)

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010**

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets:

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

Net change in fund balances-total governmental funds (Exhibit D)	\$ (1,653,679)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	81,341,490
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(310,409)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(8,117,534)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(24,746,793)
Internal service funds are used by management to charge the costs of liability and medical insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>5,556,453</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 52,069,528</u></u>

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

STATEMENT OF NET ASSETS (DEFICITS) - PROPRIETARY FUNDS
June 30, 2010

	Business-Type Activities - Enterprise Fund	Governmental Activities Internal Service Funds
	Other Enterprise Funds	Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 695,673	\$ 3,807,023
Accounts receivable (net allowance for uncollectible)	81,707	1,766,789
Due from other funds	7,188	4,472,696
Total assets	784,568	10,046,508
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	127,568	1,072,309
Due to other funds	5,000	6,887,355
Accrued estimated healthcare claims	-	5,447,260
Claims and judgments payable	-	320,000
Total current liabilities	132,568	13,726,924
Noncurrent liabilities:		
Claims and judgments payable	-	8,438,275
Advances from other funds	-	4,000,000
Total noncurrent liabilities	-	12,438,275
Total liabilities	132,568	26,165,199
NET ASSETS (DEFICITS)		
Unrestricted	652,000	(16,118,691)
Total net assets (deficits)	\$ 652,000	\$ (16,118,691)

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICITS) - PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	Business-Type Activities - Enterprise Fund	Governmental Activities Internal Service Funds
	Other Enterprise Funds	Funds
OPERATING REVENUES		
Charges for sales and services:		
Other services	\$ 1,353,464	\$ 59,621,177
Miscellaneous	-	6,997,838
Total operating revenues	<u>1,353,464</u>	<u>66,619,015</u>
OPERATING EXPENSES		
Costs of sales and services	883,496	61,062,563
Total operating expenses	<u>883,496</u>	<u>61,062,563</u>
Operating income	<u>469,968</u>	<u>5,556,452</u>
NONOPERATING REVENUES		
Interest income	339	1
Total non-operating revenues	<u>339</u>	<u>1</u>
Income before transfers out	470,307	5,556,453
Transfers out	<u>(1,466,241)</u>	-
Change in net assets	(995,934)	5,556,453
TOTAL NET ASSETS (DEFICITS), beginning	<u>1,647,934</u>	<u>(21,675,144)</u>
TOTAL NET ASSETS (DEFICITS), ending	<u>\$ 652,000</u>	<u>\$ (16,118,691)</u>

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	Business-Type Activities - Enterprise Fund Other Enterprise Funds	Governmental Activities Internal Service Funds
Cash Flow From Operating Activities		
City's contribution	\$ -	\$ 46,371,735
Cash received from users	1,380,385	13,755,097
Payments to suppliers	(1,056,851)	-
Internal activity-payments (used in)(to) other funds	39,427	(3,837,045)
Claims and other expenses paid	-	(61,287,500)
Other receipts	-	6,326,773
Net cash provided by operating activities	362,961	1,329,060
Cash Flows From Investing Activities		
Interest and dividends	339	1
Net cash provided by investing activities	339	1
Cash Flows From Non-Capital Activities		
Transfers out	(1,466,241)	-
Net cash (used in) non-capital activities	(1,466,241)	-
(Decrease) increase in cash and cash equivalents	(1,102,941)	1,329,061
Cash and Cash Equivalents		
Beginning	1,798,614	2,477,962
Ending	\$ 695,673	\$ 3,807,023
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 469,968	\$ 5,556,452
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Decrease in accounts receivable, net	26,921	401,785
(Increase) decrease in due from other funds	52,812	-
(Decrease) increase in accounts payable	(173,355)	341,096
Decrease in accrued expenses and claims payable	-	(424,513)
Decrease in accrued estimated healthcare payments	-	(803,007)
Decrease in due to other funds and advances	(13,385)	(3,742,753)
Net cash provided by operating activities	\$ 362,961	\$ 1,329,060

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

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
June 30, 2010

	Trust Funds
ASSETS	
Cash and short-term investments	\$ 16,373,821
Interest and dividends receivable	1,096,860
Accounts receivable	3,602,476
Due from other funds	50,000
Secured lending transactions	36,888,135
	<u>58,011,292</u>
Investments, at fair value:	
Government agency	4,461,105
Government bonds	17,403,092
Municipal bonds	1,078,353
Government mortgages	6,918,414
Common stock	178,706,065
Sub-custodian investment equities	30,226,539
Commercial backed mortgages	2,772,672
Corporate bonds	34,031,454
Commingled funds	20,708,916
Corporate convertible bonds	1,385,297
Hedge Equity	4,306,760
Managed Futures	11,127,430
Asset-backed securities	8,406,987
Venture capital partnerships	49,675,881
Commodity - ETF	1,565,783
Non-government backed bonds	330,219
Core U.S. dollar sub fund	17,286
Total investments	<u>373,122,253</u>
Total assets	<u>431,133,545</u>
LIABILITIES	
Accounts payable	3,178,594
Accrued liabilities	383,720
Secured lending transactions	36,888,135
Total liabilities	<u>40,450,449</u>
NET ASSETS HELD IN TRUST	<u>\$ 390,683,096</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	<u>Trust Funds</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 49,148,206
Plan members	13,804,289
Plan members' buybacks	15,723
Total contributions	<u>62,968,218</u>
Investment Earnings:	
Net appreciation in fair value of investments	32,463,434
Interest	7,267,723
Dividends	3,795,318
Total investment income	<u>43,526,475</u>
Less investment expenses:	
Investment management fees	2,440,342
Legal fees	84,532
Interest expense	189,027
Net investment earnings	<u>40,812,574</u>
Total additions	<u>103,780,792</u>
DEDUCTIONS	
Benefits	81,345,337
Total deductions	<u>81,345,337</u>
Changes in net assets	22,435,455
NET ASSETS HELD IN TRUST	
Beginning of year	<u>368,247,641</u>
End of year	<u>\$ 390,683,096</u>

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The City of New Haven, Connecticut (the City) was incorporated as a City in 1784. The City covers an area of 21.1 square miles, and is located 75 miles east of New York City. The City operates under a Mayor-Board of Aldermen form of government and provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning and general administrative services to its residents.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Codification 2100 have been considered, as a result, the component units discussed below are included in the City's reporting entity because of their operational significance or financial relationship with the City.

Discretely Presented Component Units

The component unit columns in the government-wide financial statements includes financial data of the City's three component units. These units are reported in a separate column to emphasize that they are legally separate from the City.

New Haven Parking Authority - The New Haven Parking Authority (the Parking Authority) was created and established in 1951 by a special act of the General Assembly of the State for the purpose of developing, maintaining, and operating parking facilities for the City. The Parking Authority consists of the Traffic Engineer for the City and a Board of Commissioners with five members appointed by the Mayor of the City of New Haven. The Parking Authority is authorized in the name of the City to acquire, construct, reconstruct, improve, operate and maintain parking facilities at such locations as shall be approved by the Board of Aldermen. The Parking Authority is also authorized, subject to authorization and approval of the Board of Aldermen, to finance its various projects through the issuance of general obligation bonds of the City, revenue bonds, or bond anticipation notes" which in turn will be retired using proceeds from various parking fees, special charges and appropriations from the general fund.

New Haven Coliseum Authority - The New Haven Coliseum Authority (the Coliseum Authority) was established by the Board of Aldermen of the City of New Haven on June 15, 1966 to construct and operate a coliseum and parking facility. The powers of the Coliseum Authority are exercised by a commission of seven members consisting of the Mayor of the City of New Haven, a member of the Board of Aldermen, and five City residents who are nominated by the Mayor and appointed by the Board of Aldermen. The Coliseum Authority was dissolved by the New Haven Board of Aldermen on August 3, 2009. As such, no financial statements exist or are available for this component unit.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010

New Haven Solid Waste and Recycling Authority - The New Haven Solid Waste and Recycling Authority (the "Solid Waste Authority") was created as a municipal resource recovery authority pursuant to CGS Section 7-273aa to 7-27300, inclusive. The Solid Waste Authority is a public body politic and corporate of the state and is a political subdivision of the State established and created for the performance of the essential public and governmental function of furthering health, safety and welfare of the residents of the City of New Haven. The Solid Waste Authority is governed by members that are appointed by the City. The Solid Waste Authority is empowered to own real estate, operate solid waste facilities, hire and pay personnel, sue and be sued, and enter into long term contracts. Under the by-laws of the Solid Waste Authority, a governing Board of Directors was also established to oversee the Solid Waste Authority's operation.

Complete financial statements of the individual component units can be obtained from their respective administrative offices.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting board for governmental accounting financial reporting principles. These principles require that the City report government-wide and fund financial statements, which are described below.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the City is reported separately from certain legally separated component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

Internal service fund balances, whether positive or negative, have been eliminated against the expenses and program revenues reported in governmental activities Statement of Activities.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements (except for agency funds which have no measurement focus). Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 (generally 60 days). Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to long-term liabilities, such as debt service payments and expenditures related to compensated absences, pension obligations and other post-employment obligations and claims and judgments, are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenues, when eligibility requirements have been met, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. 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, primarily licenses and fees, are considered to be measurable and available only when cash is received.

The government reports the following major governmental funds:

The **General Fund** is the general operating fund of the City's government. All unrestricted resources, except those required to be accounted for in another fund, are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt and capital improvement costs of the City.

The **Education Grants Fund** is used to account for the expenditures of State and Federal grants received for a variety of school programs.

The **Capital Project Fund** is used to account for resources used for the acquisition and construction of capital facilities, including those that are financed through special assessments.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

Additionally, the government reports the following fund types:

Governmental Funds

Special Revenue Funds - Used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The uses and limitations of each special revenue fund are specified by City ordinances or federal and state statutes.

Debt Service Fund – was used for the accumulation of resources for, and the payment of, certain general long-term bonded debt, principal, interest, and related costs.

Permanent Funds - Used for the purpose of accounting for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the reporting government's programs.

Proprietary Funds

Enterprise Funds - Used to account for operations as follows:

- a. Financed and operated in a manner similar to private business enterprises;
- b. Where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City's enterprise funds are its commercial and intergovernmental transactions associated with its Golf Course, the Skating Rink, and the East Rock Communication Tower.

Internal Service Funds - Used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds are its Self-Insurance Reserve Fund, Workers' Compensation and Medical Self-Insurance Fund. The Self-Insurance Reserve Fund covers general liability not covered by any third party insurance and structured property tax settlements.

Fiduciary Funds

Pension Trust Funds - Pension Trust Funds consist of the City Employees', the Police and Fire, and other miscellaneous retirement funds.

Other Post Employment Benefit Trust Fund - Used to account for retired City employee benefits, other than pension benefits such as medical and life insurance benefits.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and the enterprise funds reported in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their government-wide and propriety fund financial statements subject to this same limitation. The City 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 charges between certain City 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 non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the City's enterprise funds and internal service funds are charges to customers for services. Operating expenses for enterprise and internal service funds include the cost of operations and maintenance, provisions for doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The City considers cash on hand, deposits, and short-term investments with an original maturity of three months or less to be cash and cash equivalents.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010

Investments

Investments are stated at fair value, based on quoted market prices, except as disclosed below.

The trust funds allow for investments in certain alternative investments and commingled funds. Such investments may include private equity partnerships, hedge and absolute return funds for which there may be no readily available market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a readily available market for the securities existed.

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. Investments in 2a7 like pools are stated at the position in the pool, and are the same as the value of the pool shares, amortized cost.

Receivables and Payables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Due To/From Other Funds" (current portion of interfund loans) or "Advances To/From Other Funds" (noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances".

For "Advances To/From Other Funds," the asset reported in the governmental fund financial statements are offset by a fund balance reserve to indicate that they are not available for appropriation and are not expendable financial resources.

Property taxes are assessed as of October 1, and are levied on the following July 1. Real estate and personal property taxes are due in two installments on July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Liens are filed on delinquent real estate taxes within one year. Revenues from property taxes are recognized when they are levied for; intergovernmental funds must also be available, which are collected or receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers property tax revenue to be available if it is collected within 60 days of the end of the fiscal year.

All trade and loan receivables are shown net of allowances for uncollectible amounts. Trade and loan accounts receivables allowances for doubtful accounts is estimated based on the inherent risk associated with the accounts.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

Inventories

Inventory of the cafeteria fund consists of supplies and food for consumption and is stated at the lower of cost or market with cost based on (a) actual cost for purchased food and (b) stated value approximating fair value assigned by the federal government for food donated by the federal government, using the first-in, first-out basis. Inventories are recorded as expenditures when purchased. Donated items are valued at market value and recorded as revenue when received and as expenditures when used.

Restricted Assets

At June 30, 2010, the Parking Authority had approximately \$14,503,000 in restricted assets. In accordance with the resolutions of each bond issue, certain assets of their Union Station Facility are restricted and held by a trustee for the protection of the bondholders. Additionally, certain assets of the Union Station Facility are restricted in accordance with the Lease and Funding Agreement.

At June 30, 2010 the Solid Waste Authority also had approximately \$3,261,000 in restricted assets. The restricted assets were held in deposits and maintained to meet legal obligations of debt service, capital project fund, cost of bond issuance and other repairs and maintenance reserve funds.

Capital Assets

Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g. roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The City defines capital assets, not including infrastructure assets, as assets with an individual cost exceeding the capitalization thresholds as listed below, and an estimated useful life of five years or more. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Pursuant to the implementation of GASB Statement No. 34, the historical costs of infrastructure assets (retroactive to January 1, 1979) are included as part of the governmental capital assets reported in the government-wide statements. Infrastructure assets capitalized have an original cost of \$250,000 or more.

The cost 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 of business-type activities is included as part of the capitalized value of the assets constructed.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Capitalization Dollar Thresholds</u>	<u>Estimated Lives (Years)</u>
Computers	\$ 5,000	5
Machinery, equipment, furniture, fixtures and other related assets	10,000	5-20
Motor vehicles	5,000	8
Land improvements	50,000	20
Buildings and other structures	50,000	50
Infrastructure	250,000	10-50

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. Vacation pay and certain sick leave benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are generally paid out of the General Fund.

Long-term obligations

In the government-wide financial statements and proprietary fund types financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the unamortized bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the terms of the related debt.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

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 the debt issued is reported as other financial sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt proceeds received, and bond principal payments are reported as debt service expenditures.

Fund Equity and Net Assets

In government-wide and proprietary fund financial statements, net assets are classified in the following categories:

Investment in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Assets – This category presents amounts of external restrictions imposed by creditors, grantors, contributors and laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This category represents the net assets of the City which are not restricted. A deficit will require future funding.

In the fund financial statements, fund balances of governmental funds are classified into three separate categories. The three categories, and their general meanings, are as follows:

Reserved Fund Balance - this category indicates that portion of fund equity which has been legally segregated for specific purposes, or is not available for appropriation.

- **Encumbrances** - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and, other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute expenditures or liabilities.

Unreserved-Designated Fund Balance – indicates that a portion of fund equity for which the City has made tentative plans.

Undesignated and Unreserved Fund Balance (Deficit) - this category indicates that portion of fund equity which is available for appropriations and expenditures in future periods. A deficit will require future funding.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

Pension accounting

Pension Trust Funds:

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Government-Wide Funds/Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation (asset), the cumulative difference between annual pension cost and the City's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. The pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

Funding Policy:

The City makes annual contributions based on the actuaries' recommendation.

Other Post Employment Obligations (OPEB) accounting

OPEB Trust:

Employer contributions are recognized in the period in which the contributions are due, and the City has made a formal commitment to provide the contributions. Employees begin contributing on July 1, 2007.

Government-Wide Funds/Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the City's contributions to the plan since 7/1/07, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation (OPEB) is recorded as a noncurrent liability in the government-wide financial statements.

Funding Policy:

The City makes annual contributions based on the actuaries' recommendation.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Note 2. Reconciliation Of Government-Wide And Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds."

The details of this difference are as follows:

Bonds payable	\$ 511,287,768
Notes payable	2,910,000
Contractual obligation	8,749,983
Compensated absences	27,915,119
Capital leases payable	475,604
Accrued workers compensation	33,561,600
Net pension obligation	13,019,894
Net OPEB obligation	72,323,500
Landfill closure and post-closure	<u>1,500,000</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ 671,743,468</u></u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

Exhibit E presents a reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities which includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$ 107,618,339
Depreciation expense	<u>(26,276,849)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 81,341,490</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ 50,400,000
Principal repayments:	
Debt	(41,678,299)
Capital lease payments	<u>(604,167)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 8,117,534</u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds." The details of this difference are as follows:

Amortization of debt issuance costs	\$ 285,000
Net increase in compensated absences	1,461,404
Net increase in accrued workers compensation	417,122
Net increase in unfunded pension obligation	418,921
Net increase in unfunded OPEB obligation	21,685,173
Net decrease in landfill closure and post-closure	(150,000)
Net increase in accrued interest	<u>629,173</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 24,746,793</u>

Note 3. Cash, Cash Equivalents and Investments

Deposits: The City's policy for investments other than pension plan investments is to follow the State of Connecticut statutes. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The investment policies of the City conform to the policies as set forth by the State of Connecticut. The City does not have a custodial credit risk policy. The City's policy is to only allow prequalified financial institution broker/dealers and advisors. The City policy allows investments in the following: (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. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund.

Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan. Their approved policies target an asset mix to provide the probability of meeting or exceeding the return objectives at the lowest possible risk. The set asset allocation parameters are as follows:

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

	Policemens' and Firemens' Plan	CERF Plan
Domestic Stocks	38% to 52%	40% to 90%
International Stocks	0% to 10%%	10% to 30%%
Alternative Investments	10% to 16%	0% to 20%
Bonds and Other Fixed Income	27% to 42%	15% to 50%
Cash	-	0% to 15%

Interest Rate Risk: The City's and the pension fund's policy is to limit its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual fund, or similar investment pools.

Concentrations: The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

Deposits

The bank balances of the Primary Government's cash accounts at June 30, 2010, were approximately \$92,801,000. The amount of the bank balances covered under federal depository insurance was \$3,169,000. The remaining \$89,631,000 of deposits were uninsured. Provisions of the Connecticut General Statutes provide for protection against loss in excess of deposit insurance by requiring all qualified public depositories to maintain segregated collateral for public deposits. As of June 30, 2010, approximately \$8,963,000 of uninsured deposits were collateralized under the provision.

The bank balances of the component units' cash accounts at June 30, 2010 were approximately \$19,586,000. The New Haven Parking Authority's bank balance totaled approximately \$19,213,000, of which approximately \$678,000 was covered by FDIC protection and the remaining \$18,534,000 is uninsured. As of June 30, 2010, approximately \$829,000 of the uninsured deposits were collateralized. The New Haven Solid Waste Authority's bank balance totaled \$356,000, of which \$250,000 was insured by FDIC coverage or public deposit protection under the Connecticut General Statutes.

Investments

There is a risk that in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in possession of another party.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

The City's Primary Government cash, cash equivalents and investments consist of the following at June 30, 2010:

Cash and Cash Equivalents	
Deposits with financial institutions	77,723,531
State of Connecticut Short-Term Investment fund	4,329,793
Cutwater Connecticut CLASS Plus	6,485,968
Tax Exempt Proceeds Fund	3,726,828
Total cash and cash equivalents	<u>92,266,120</u>
Investments	
General Fund	
Corporate Bonds	685,725 *
Other Bond Funds	253,581 *
Common Stock	742,391 *
Total General Fund	<u>1,681,697</u>
Other Nonmajor Funds	
Mutual Funds	646,824
Government Securities	594,268 *
Corporate Bonds	895,364 *
Government bonds	14,399 *
Common Stock	1,674,245 *
Common Stock- Foreign	338,110 *
Total other nonmajor funds	<u>4,163,210</u>
Pension Trust Funds:	
Government agency	4,461,105 *
Government bonds	17,403,092 *
Municipal bonds	1,078,353 *
Government mortgages	6,918,414 *
Common stock	178,706,065 *
Sub-custodian investment equities	30,226,539 *
Commercial backed mortgages	2,772,672 *
Corporate bonds	34,031,454 *
Commingled funds	20,708,916 *
Corporate convertible bond	1,385,297 *
Hedge Equity	4,306,760
Managed Futures	11,127,430
Asset-backed securities	8,406,987 *
Venture capital partnerships	49,675,881
Commodity - ETF	1,565,783
Non-governmental backed bonds	330,219 *
Core U.S. dollar sub fund	17,286
Total pension trust funds	<u>373,122,253</u>
Total investments	<u>378,967,160</u>
Total cash, cash equivalents and investments	<u>\$ 471,233,280</u>

* These investments are uninsured and unregistered, with securities held by the counterparty, but not in the City's or the pension fund's name.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Cash, cash equivalents and investments are classified in the accompanying financial statements as follows:

Statement of Net Assets	
Cash and cash equivalents	\$ 75,892,299
Investments	<u>5,844,907</u>
	<u>81,737,206</u>
Fiduciary Funds	
Cash and cash equivalents	16,373,821
Investments	<u>373,122,253</u>
	<u>389,496,074</u>
Total cash, cash equivalents and investments	<u><u>\$ 471,233,280</u></u>

The Component Unit deposits are presented in the accompanying balance sheets as follows:

Cash and Cash Equivalents:	
New Haven Parking Authority	\$ 19,151,141
New Haven Solid Waste Authority	<u>435,152</u>
Total deposits	<u><u>\$ 19,586,293</u></u>

At June 30, 2010, the New Haven Parking Authority cash and cash equivalents included \$11,592,546 of restricted cash and cash equivalents.

At June 30, 2010, the Solid Waste Authority's cash and cash equivalents included \$434,902 of restricted short-term investments classified as cash equivalents.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

Investments

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the City's debt type investments to this risk using the segmented time distribution model is as follows:

	Fair Value	Investment Maturities (In Years)			
		Less than 1	1-5	6-10	More Than 10
Asset backed securities	\$ 8,406,988	\$ -	\$ 45,558	\$ 342,017	\$ 8,019,413
Corporate convertible bonds	1,385,297	-	491,687	143,319	750,291
Commercial mortgage backed	2,772,672	-	-	-	2,772,672
Corporate bonds	36,109,702	711,390	15,631,911	12,580,999	7,185,402
Government agencies	4,461,105	-	1,934,653	558,946	1,967,506
Government bonds	18,011,759	3,766,082	7,477,441	3,476,939	3,291,297
Government mortgage backed	6,918,414	-	192,521	1,792,357	4,933,536
Government securities	6,414,717	-	2,264,397	2,388,359	1,761,961
Municipal/Provincial bonds	1,078,352	-	353,835	430,104	294,413
Other bond funds	814,715	-	-	814,715	-
Non-government backed	330,219	-	-	-	330,219
Other fixed income	17,286	-	-	-	17,286
Pooled fixed income	14,542,589	14,542,589	-	-	-
Total	\$ 101,263,815	\$19,020,061	\$28,392,003	\$22,527,755	\$31,323,996

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Credit Risk

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The following table provides a summary of the City's investments (excluding U.S. Governmental Guaranteed Obligations) as rated by a nationally recognized statistical rating organization.

	Fair Value	Standard & Poor's	Moody's
Asset backed securities	\$ 8,406,988	AAA-BBB	Aaa-B
Corporate convertible bonds	1,385,297	N/A	A-Ca
Commercial mortgage backed	2,772,672	N/A	Aaa-Aa
Corporate bonds	36,109,702	A-B	A2-B3
Municipal/Provincial bonds	1,078,352	AA	Aa
Other bond funds	814,715	N/A	N/A
Non-government backed	330,219	N/A	Aaa-Caa
Other fixed income	17,286	N/A	N/A
Pooled fixed income	14,542,589	AAA/M	Aaa

Foreign Currency Risk

The Employee's Retirement Fund allows American Depository Receipts which are dollar denominated foreign securities traded on the domestic U.S. stock exchanges in proportions which each investment manager shall deem appropriate.

The City's exposure to foreign currency risk is as follows:

Investment	Currency	Maturity	Fair Value
Government Agencies, Corporate Bonds	Australian Dollar	2/13/2012-5/1/2012	\$ 335,304
Government Bonds, Municipal/Provincial Bonds, Corporate Bonds	Canadian Dollar	9/1/2012-12/22/2026	762,275
Government Bonds	Indonesian Rupiah	8/15/30	445,394
Government Agencies	Indian Rupee	3/11/2013	521,854
Corporate Convertible Bonds	Japanese Yen	7/21/2011-11/14/2014	297,519
Government Agencies	South Korean Won	2/26/13	390,934
Government Bonds	Mexican Peso	12/7/23	24,852
Government Bonds	Malaysian Ringgit	5/31/13	105,208
Government Agencies	New Zealand Dollar	9/18/2017-12/15/2017	558,946
			\$ 3,442,286

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Component Unit Investments

As of June 30, 2010, the New Haven Parking Authority's sole investment was in a Federal Home Loan Mortgage Corp. (FHLMC) Discount Note with a carrying value of \$2,910,102 and a maturity date of December 1, 2010.

As of June 30, 2010, the Solid Waste Authority had restricted investments of \$3,261,415 in Money Market Mutual Funds.

Note 4. Receivables

Receivables at June 30, 2010 were as follows:

	General	Education Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 10,529,441	\$ -	\$ -	\$ -	\$ 10,529,441
Other	10,147,287	1,198,661	281,807	508,782	12,136,537
Intergovernmental	51,062,557	2,988,597	66,452,183	3,776,150	124,279,487
Gross receivables	71,739,285	4,187,258	66,733,990	4,284,932	146,945,465
Allowance for doubtful accounts	(2,414,997)	-	(10,000,000)	-	(12,414,997)
Total receivables, net	\$ 69,324,288	\$ 4,187,258	\$ 56,733,990	\$ 4,284,932	\$ 134,530,468

The New Haven Parking Authority, a component unit, has accounts receivable of \$1,073,081 which includes amounts due from customers for monthly parking and from tenants under lease agreements. These receivables are due within one year and are net of a reserve for doubtful accounts of \$45,182. The reserve method is used by the Authority based on historical experience and review of existing receivables.

The New Haven Solid Waste Authority, a component unit, has accounts receivable of \$1,123,037 which includes amounts due from customers for disposal of solid waste at the Authority's Transfer Station. These receivables are due in one year and are deemed by management to be collectible. There is no reserve for doubtful accounts as of June 30, 2010.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Note 5. Unearned Revenue/Deferred Revenue

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 and governmental activities also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue and deferred revenue reported in the governmental funds and governmental activities were as follows:

	<u>Deferred</u>	<u>Unearned</u>
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ 5,451,534	\$ 11,728,364
School construction receivable	46,605,749	-
Miscellaneous receivable	2,971,923	-
Capital Projects Fund		
Intergovernmental grants receivable	46,230,773	-
Nonmajor Governmental Funds:		
Intergovernmental grants receivable	732,534	19,785
Total	<u>\$ 101,992,513</u>	<u>\$ 11,748,149</u>

Note 6. Loans Receivable

Loans receivable are loans dispersed from the Department of Housing and Urban Development grant proceeds and Economic Development Committee proceeds.

These loans consist of direct loans, which bear interest at rates ranging from 0.0 percent to 10.0 percent with maturities through June 2028.

Loans receivable consist of various loans totaling approximately \$35,023,000, of which there is an allowance for collection losses equal to 100 percent of the total loans receivable.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Note 7. Internal Balances and Transfers

Internal Balances Receivables and Payables

As of June 30, 2010, internal amounts receivable from and payable to other funds were as follows:

	Receivables (Due From)	Payables (Due To)
Primary Government:		
General Fund	\$ 8,591,526	\$ -
Major Funds:		
Education Grants	-	3,370,750
Capital Project Funds	3,497,632	-
	<u>3,497,632</u>	<u>3,370,750</u>
Other Nonmajor Funds:		
Community Development	-	2,132,253
Improvement	-	337,151
Human Resources	-	2,714,052
Redevelopment	-	4,443
Other	-	1,113,959
Other ETF	-	54,079
	<u>-</u>	<u>6,355,937</u>
Internal Service Funds	<u>-</u>	<u>2,414,659</u>
Employee Retirement Funds	<u>50,000</u>	<u>-</u>
Enterprise Funds	<u>7,188</u>	<u>5,000</u>
Total primary government	<u>\$ 12,146,346</u>	<u>\$ 12,146,346</u>

All balances result from a time lag between payment and reimbursement occurring between funds.

	Advances To Other Funds	Advances From Other Funds
General Fund	\$ 7,000,000	\$ -
Education Grants Fund	-	3,000,000
Internal Service Funds	-	4,000,000
	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>

The advances amongst funds relate to working capital loans made primarily between the Education Grants Fund, Internal Service Fund and the General Fund. None of the balance is scheduled to be collected in the subsequent year.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Transfers

As of June 30, 2010, amounts transferred between funds were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 2,083,464
Education Grants	1,583,464	-
Capital Projects Funds	110,000	263,389
Other Nonmajor Governmental Funds	2,119,630	-
Enterprise Funds	-	1,466,241
	<u>\$ 3,813,094</u>	<u>\$ 3,813,094</u>

Transfers from the General Fund to the Education Grants Fund primary represent support of the Food Service Program. Funds transferred to Other Nonmajor Governmental Funds relates to amounts paid by the Enterprise Fund for debt service.

Note 8. Capital Assets

Capital asset activity for the year ended June 30, 2010 is as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 44,140,306	\$ -	\$ -	\$ 44,140,306
Construction in progress	343,623,596	103,315,447	398,252,759	48,686,284
Total capital assets, not being depreciated	<u>387,763,902</u>	<u>103,315,447</u>	<u>398,252,759</u>	<u>92,826,590</u>
Capital assets, being depreciated:				
Buildings and improvements	1,026,699,205	396,192,964	-	1,422,892,169
Land improvements	11,785,945	4,392,439	-	16,178,384
Vehicles	41,461,850	1,896,557	-	43,358,407
Machinery, equipment, furniture, fixtures and other related assets	16,727,563	73,690	-	16,801,253
Infrastructure	188,049,917	-	-	188,049,917
Total capital assets being depreciated	<u>1,284,724,480</u>	<u>402,555,650</u>	<u>-</u>	<u>1,687,280,130</u>
Less accumulated depreciation for:				
Buildings and improvements	197,103,989	18,327,882	-	215,431,871
Land improvements	14,983,889	731,802	-	15,715,691
Vehicles	34,521,556	2,066,022	-	36,587,578
Machinery, equipment, furniture, fixtures and other related assets	12,014,813	1,163,617	-	13,178,430
Infrastructure	116,046,988	3,987,526	-	120,034,514
Total accumulated depreciation	<u>374,671,235</u>	<u>26,276,849</u>	<u>-</u>	<u>400,948,084</u>
Total capital assets, being depreciated, net	<u>910,053,245</u>	<u>376,278,801</u>	<u>-</u>	<u>1,286,332,046</u>
Governmental activities capital assets, net	<u>\$ 1,297,817,147</u>	<u>\$ 479,594,248</u>	<u>\$ 398,252,759</u>	<u>\$ 1,379,158,636</u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Current period depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Education	\$ 16,037,633
General government	655,116
Public safety	1,507,666
Public works	6,869,051
Culture and recreation	1,207,383
Total Depreciation Expense - Governmental Activities	<u>\$ 26,276,849</u>

Component Units:	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,561,000	\$ -	\$ -	\$ 2,561,000
Construction in progress	676,510	960,892	(902,871)	734,531
Total capital assets, not being depreciated	<u>3,237,510</u>	<u>960,892</u>	<u>(902,871)</u>	<u>3,295,531</u>
Capital assets, being depreciated:				
Buildings and improvements	84,889,084	1,230,226	-	86,119,310
Equipment and motor vehicles	4,518,381	66,978	-	4,585,359
Total capital assets being depreciated	<u>89,407,465</u>	<u>1,297,204</u>	<u>-</u>	<u>90,704,669</u>
Less accumulated depreciation for:				
Buildings and improvements	51,021,343	3,516,748	-	54,538,091
Equipment and motor vehicles	4,253,802	158,407	-	4,412,209
Total accumulated depreciation	<u>55,275,145</u>	<u>3,675,155</u>	<u>-</u>	<u>58,950,300</u>
Total capital assets, being depreciated, net	<u>34,132,320</u>	<u>(2,377,951)</u>	<u>-</u>	<u>31,754,369</u>
Capital Assets, net	<u>\$ 37,369,830</u>	<u>\$ (1,417,059)</u>	<u>\$ (902,871)</u>	<u>\$ 35,049,900</u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Construction Commitments

The City has the following major active construction projects as of June 30, 2010:

Capital Project	Cumulative Authorization	Cumulative Expenditures	Remaining Construction Commitment Balance June 30, 2010	Expected Date of Completion
Bishop Woods	\$ 37,000,000	\$ 28,030,759	\$ 8,969,241	Fiscal year 2010
Davis Magnet	42,000,000	7,787,823	34,212,177	01/01/11
East Rock	44,000,000	3,654,958	40,345,042	12/01/11
Hill Central	45,700,000	1,857,754	43,842,246	09/01/11
Metro Business Magnet	38,540,141	23,639,635	14,900,506	04/01/10
Roberto Clemente	42,000,000	13,523,470	28,476,530	09/01/10
UNH Science Academy	59,500,000	-	59,500,000	09/01/12
Worthington Hooker New	35,500,000	25,355,665	10,144,335	Fiscal year 2010
	<u>\$ 344,240,141</u>	<u>\$ 103,850,064</u>	<u>\$ 240,390,077</u>	

Note 9. Temporary Notes Payable

The City of New Haven issued a general obligation note in anticipation of State grants for school construction projects under a tax-exempt revolving loan agreement. This general obligation note can accommodate the issuance of up to \$80,000,000 of grant anticipation notes under the revolving loan agreement which expires on June 1, 2013. Activity for the fiscal year for the Grant anticipation Notes (GANs) are as follows:

	Balance June 30, 2009	Issuances	Payments	Balance June 30, 2010
GANs	<u>\$ 79,585,000</u>	<u>\$158,689,015</u>	<u>\$172,755,455</u>	<u>\$ 65,518,560</u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Note 10. Long-Term Liabilities

A summary of changes in long-term liabilities during the year ended June 30, 2010 is as follows:

	Balance June 30, 2009	Issued/ Additions	Reductions	Balance June 30, 2010	Due Within One Year
Government Activities:					
Long-Term Debt:					
Bonds payable	\$ 501,192,130	\$ 50,400,000	\$ 40,304,362	\$ 511,287,768	\$ 40,237,493
Notes payable	3,430,000	-	520,000	2,910,000	-
Capital leases	1,079,771	-	604,167	475,604	180,544
Other Long-Term Liabilities:					
Contractual obligation-GNHWPCA	9,603,920	-	853,937	8,749,983	850,000
Compensated absences	26,453,715	20,830,285	19,368,881	27,915,119	21,000,000
Accrued workers' compensation	33,114,478	10,144,806	9,697,684	33,561,600	10,000,000
Unfunded pension obligation	12,600,973	418,921	-	13,019,894	-
Unfunded OPEB obligations	50,638,327	21,685,173	-	72,323,500	-
Landfill closure and post-closure	1,650,000	-	150,000	1,500,000	150,000
Total long-term liabilities	\$ 639,763,314	\$ 103,479,185	\$ 71,499,031	\$ 671,743,468	\$ 72,418,037
Component Unit Activities:					
Long-Term Debt:					
Revenue bonds*	\$ 27,051,245	\$ -	\$ 2,023,641	\$ 25,027,604	\$ 2,600,000
Capital leases	108,740	-	76,086	32,654	32,654
Total component unit	\$ 27,159,985	\$ -	\$ 2,099,727	\$ 25,060,258	\$ 2,632,654

* The New Haven Parking Authority's debt balance at June 30, 2010 is net of amount deferred on refunding bonds of (\$550,622) and premium on refunding of \$372,010. The New Haven Solid Waste Authority's debt balance at June 30, 2010 is net of deferred amounts of \$458,785.

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. During the year, general obligation bonds totaling \$50,400,000 were issued.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15-year or 20-year serial bonds with equal amounts of principal maturing each year, and are payable from taxes levied on all taxable property located within the City. The City has not pledged any assets as collateral for general obligation bonds. General obligation bonds currently outstanding are as follows:

Purpose/Expiration	Interest Rate	Governmental Activities
General Purpose Bonds Varying Expiration Dates Ranging From December 2009 to March 2029	3.00-9.50%	\$174,892,935
School Bonds Varying Expiration Dates Ranging From December 2009 to March 2029	.34-9.50%	323,717,928
Urban Renewal Bonds Varying Expiration Dates Ranging From December 2009 to March 2029	3.00-9.50%	12,676,905
		<u>511,287,768</u>
Less current portion		40,237,493
Long-term portion		<u>\$471,050,275</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 40,237,493	\$ 23,353,671
2012	38,569,161	21,759,577
2013	38,375,857	20,062,869
2014	37,902,583	18,244,201
2015	37,934,860	16,451,608
2016 through 2020	174,262,700	56,384,308
2021 through 2025	105,532,766	22,698,494
2026 through 2029	38,472,348	5,450,682
	<u>\$511,287,768</u>	<u>\$184,405,410</u>

Qualified Zone Academy Bonds (QZAB) were issued pursuant to Section 1397E of the Internal Revenue Code. As such, a tax credit will be offered to the security provider and the City receives a reduction in interest payments. The QZAB's are general obligation bonds and require that annual payments be made to an escrow account where the City is guaranteed a fixed interest rate. On the termination date, these payments, together with the interest earnings, will be used to satisfy the Bonds on the respected

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

termination date. These bonds are included in general obligation bonds and the related debt service requirements. The City is guaranteed to earn \$1,502,346 in interest over the next seven years to be used to relinquish the principal portion of the debt during the current year; the escrow account earned \$196,541.

School Bond Reimbursements

The State of Connecticut reimburses the City for eligible principal and interest costs of the capital improvement bond issues used for school reconstruction. The amount of such reimbursements for the year ended June 30, 2010 was approximately \$4,503,000. The City expects to receive approximately \$46,606,000 in principal payments and approximately \$10,909,000 in interest payments over the next 20 years.

Bonds Authorized/Unissued

At June 30, 2010, the City had approximately \$214,401,000 in bonds authorized but unissued. This amount has been authorized solely for school construction bonds as of June 30, 2010.

Advance and Current Refunding

The City has issued general obligation refunding bonds in prior years to provide resources to be placed in an irrevocable trust for the purpose of generating resources for all future debt service payments. As a result, these bonds were considered defeased and the liability has been removed from the governmental activities column of the statement of net assets.

None of the City's general obligation debt was defeased during the year ended June 30, 2010. However, cumulative defeased debt outstanding is approximately \$147,545,000.

Conduit Debt

The City has issued limited obligation industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Accordingly, the bonds and related receivables were not reported in the general purpose financial statements.

As of June 30, 2010, there were 6 series of limited obligation industrial bonds outstanding, with an aggregate principal amount of approximately \$7,863,000.

Parking Authority – Air Rights Facility Revenue Refunding Bonds

On May 1, 2002, the Authority issued \$29,110,000 of 2002 Series Air Rights Parking Facility Revenue Refunding Bonds ("Series 2002") for the purpose of refunding outstanding Series 1991 bonds. The Series 2002 bonds bear interest at rates ranging from 3% to 5.375%. Interest is payable semi-annually on June 1st and December 1st. Principal payments are made on December 1st. The Series 2002 bonds require level annual debt service payments with the final payment due December 1, 2015. All issuance costs of

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

the transaction, approximately \$885,000, were paid from bond proceeds. The total amount deferred on refunding was approximately \$2,657,000, consisting of unamortized Series 1991 bond issuance costs and discounts of approximately \$2,038,000 and a call premium of approximately \$618,000.

Revenue Bonds – Component Units

The Parking Authority, a component unit of the City, also issues bonds where the pledged income is derived from parking revenue. Through the Parking Authority, the City has \$15,165,000 of outstanding revenue bond debt at June 30, 2010 with an interest rate ranging from 3% to 5.375%.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 2,215,000	\$ 751,437
2012	2,330,000	633,444
2013	2,450,000	504,982
2014	2,585,000	369,666
2015	2,720,000	227,094
2016	2,865,000	76,998
	<u>\$ 15,165,000</u>	<u>\$ 2,563,621</u>

The Solid Waste Authority, a component unit of the City, also issued bonds to finance the acquisition of its solid waste facility assets. Through the Solid Waste Authority, the City has \$10,500,000 of outstanding revenue bond debt at June 30, 2010, with an interest rate ranging from 4% to 5.375%.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 385,000	\$ 524,788
2012	400,000	509,388
2013	415,000	493,388
2014	435,000	476,269
2015	450,000	457,781
2016 through 2020	2,605,000	1,948,532
2021 through 2025	3,345,000	1,210,182
2026 through 2028	2,465,000	269,557
	<u>\$ 10,500,000</u>	<u>\$ 5,889,885</u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Notes Payable

In addition to general obligation bonds, the City is liable for notes payable pledged under general obligations through the HUD Section 108 Loan Program.

The annual debt service requirements on the above debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ -	\$ 124,119
2012	550,000	106,573
2013	585,000	85,940
2014	610,000	62,566
2015	365,000	42,811
2016 through 2018	800,000	35,996
	<u>\$ 2,910,000</u>	<u>\$ 458,005</u>

Capital Leases

The City has entered into a lease agreement for the financing of energy conservation equipment. These equipment leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception. The interest rate varies on these leases from 2.695% to 4.290% per annum.

The net book value of property under capital lease was approximately \$1,621,000 and has accumulated depreciation of approximately \$1,134,000 at year-end.

The New Haven Parking Authority has entered into lease agreements as lessee to finance the electrical and lighting system improvements for the Crown Street Garage and a new revenue control system. The net book value of property under capital leases for the New Haven Parking Authority was approximately \$209,000 at June 30, 2010. Depreciation expense on leased assets was approximately \$45,000 for the year ended June 30, 2010.

That agreement provides for monthly principal and interest payments of \$6,599 through 2010. The interest rate is 4.187% per annum.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2010 were as follows:

<u>Year Ending June 30,</u>	<u>Component Unit</u>	
	<u>General Government</u>	<u>Parking Authority</u>
2011	\$ 197,024	\$ 32,995
2012	197,024	-
2013	107,838	-
Total minimum lease payments	501,886	32,995
Less: Amount representing interest	26,282	341
Present value of minimum lease payment	<u>\$ 475,604</u>	<u>\$ 32,654</u>

Note 11. Fund Deficits

The following funds had fund deficits as of June 30, 2010:

	<u>Fund Deficits</u>
Major Governmental:	
Education Grants	\$ 327,493
Capital Project Funds	53,635,986
Non-Major Governmental:	
Human Resources	700,026
Internal Service Funds:	
Self-Insurance Reserve	16,164,867

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

The Capital Projects Funds' deficits have arisen because either bond authorized for these projects have not been issued or State funding for these projects has not been received. State reimbursement for eligible capital project expenses ranges from 78%-100% depending on the type of project. Reimbursement under those rates is not received in full until the project is complete and the necessary reports have been submitted to the State. The City has major school construction projects in process as of June 30, 2010.

The Special Revenue Funds' deficits should be reduced in future years as additional revenues are recognized by the funds or the general fund appropriates and transfers funds.

The Internal Service Fund deficit in the Self-Insurance Reserve Fund represents approximately \$8.8 million of case reserves and approximately \$17.6 million in under-funded liability for the City. The City has increased its funding appropriation from \$1.7 million in 2005 to \$2.5 million in 2006, to \$2.5 million in 2007, to \$2.8 million in 2008, \$2.75 million in 2009, and \$2.9 million in 2010. There are long-term plans for subsequent years' appropriations to be budgeted at similar appropriation amounts to 2009 and 2010 or higher.

Note 12. Employee Retirement Plans and Other Post-Employment Benefit Plans

Employee Pension Plans

The City maintains two single employer contributory, defined benefit pension plans, the City Employees' Retirement Fund (CERF) and the Policemen's and Firemen's Retirement Fund. These funds cover substantially all City employees, including non-certified Board of Education employees. The City Employees' Retirement Fund was created in 1938. The Policemen's and Firemen's Retirement Fund was created in 1958 as a replacement for separate police and fire pension funds. The former Policemen's Relief Fund and the Firemen's Relief Fund were merged into the combined fund in 1990. Retirement benefits for certified teachers are provided by the Connecticut State Teachers' Retirement System. The City does not contribute to this Plan.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

The individual plan net assets are as follows:

	City Employees' Retirement Fund	Policemen's & Firemen's Retirement Fund	Other Retirement Fund	Post Employment Benefit Plan Fund	Total
ASSETS					
Cash and short-term investments	\$ 6,263,076	\$ 8,605,676	\$ 1,330,069	\$ 175,000	\$ 16,373,821
Interest and dividends receivable	278,650	817,940	270	-	1,096,860
Accounts receivable	2,025,291	1,577,021	164	-	3,602,476
Due from other funds	-	-	-	50,000	50,000
Investments, at fair value	141,770,830	231,290,485	60,938	-	373,122,253
Secured lending transactions	-	36,888,135	-	-	36,888,135
Total assets	150,337,847	279,179,257	1,391,441	225,000	431,133,545
LIABILITIES					
Accounts payable	2,324,066	854,528	-	-	3,178,594
Accrued liabilities	249,325	134,395	-	-	383,720
Secured lending transactions	-	36,888,135	-	-	36,888,135
Total liabilities	2,573,391	37,877,058	-	-	40,450,449
NET ASSETS					
Held in Trust for Pension Benefits	\$ 147,764,456	\$ 241,302,199	\$ 1,391,441	\$ 225,000	\$ 390,683,096

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Individual changes in plan net assets were as follows:

	City Employees' Retirement Fund	Policemen's & Firemen's Retirement Fund	Other Retirement Fund	Post Employment Benefit Plan Fund	Total
ADDITIONS					
Contributions:					
Employer contributions	\$ 11,501,906	\$ 17,811,000	\$ -	\$ 19,835,300	\$ 49,148,206
Plan members	3,607,839	6,576,802	-	3,619,648	13,804,289
Plan members' buybacks	15,723	-	-	-	15,723
Total contributions	15,125,468	24,387,802	-	23,454,948	62,968,218
Investment Earnings:					
Net increase in fair value of investments	12,419,171	20,040,396	3,867	-	32,463,434
Interest	3,083,639	4,181,680	2,404	-	7,267,723
Dividends	974,220	2,818,715	2,383	-	3,795,318
Total investment income	16,477,030	27,040,791	8,654	-	43,526,475
Less Investment Expenses:					
Investment management fees	1,043,392	1,396,950	-	-	2,440,342
Legal fees	52,241	32,291	-	-	84,532
Interest expense	-	189,027	-	-	189,027
Net investment earnings	15,381,397	25,422,523	8,654	-	40,812,574
Total additions	30,506,865	49,810,325	8,654	23,454,948	103,780,792
DEDUCTIONS					
Benefits	24,698,774	33,200,184	41,431	23,404,948	81,345,337
Total deductions	24,698,774	33,200,184	41,431	23,404,948	81,345,337
Net increase (decrease)	5,808,091	16,610,141	(32,777)	50,000	22,435,455
NET ASSETS , beginning of year	141,956,365	224,692,058	1,424,218	175,000	368,247,641
NET ASSETS , end of year	\$ 147,764,456	\$ 241,302,199	\$ 1,391,441	\$ 225,000	\$ 390,683,096

Securities Lending Transactions

State statutes and the City of New Haven Pension Board (the "Board"), on behalf of the Plan, has authorized the Plan to enter into an agreement with The Northern Trust Company ("Northern Trust") for the lending of the Plan's securities for predetermined times and fees, for collateral that may include cash, U.S. government securities and irrevocable letters of credit.

During the year ended June 30, 2010, Northern Trust loaned securities held by Northern Trust, as a custodian, and received United States dollar cash and U.S. securities as collateral. Northern Trust did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

put up collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading value was in the United States, 102 percent of the fair market value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not in the United States, 105 percent of the fair market value of the loaned securities. The market value held and market value of securities on loan for the Plan as of June 30, 2010 were as follows:

<u>Collateral Type</u>	<u>Market Value June 30, 2010</u>	<u>Collateral Value June 30, 2010</u>	<u>Collateral Percentage</u>
Cash	<u>\$ 35,816,085</u>	<u>\$ 36,888,135</u>	103%

The Board did not impose any restrictions during the year on the amount of loans that Northern Trust made on their behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during the year. Moreover, there were no losses during the year resulting from a default of the borrowers or Northern Trust. Northern Trust is contractually obligated to indemnify the Plans for a borrower's failure to return the securities or make the distributions as a result of Northern Trust's failure to make a reasoned determination of creditworthiness of the borrower, its failure to demand adequate and appropriate collateral on a prompt and timely basis, or its failure to perform its duties and responsibilities under the agreement and applicable law.

Cash collateral has been placed in investments that generally match the maturities of the secured loans. The Plans do not have any credit risk on the securities lending transactions as of June 30, 2010.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

City Employees' Retirement Fund

Plan Description and Contribution Information

Plan Membership

Membership in each plan consisted of the following at June 30, 2008, the date of the latest actuarial valuation:

Plan Description and Contribution Information

Membership in each plan consisted of the following at the date of the latest actuarial valuation

Retirees and beneficiaries receiving benefits	1,051
Terminated plan members entitled to but not yet receiving benefits	14
Active Plan Members	
Vested	636
Nonvested	<u>556</u>
Total	<u><u>2,257</u></u>

Plan Description

The City of New Haven is the administrator of a single employer Public Employee Retirement System (PERS) established and administered by the City to provide pension benefits for its employees. The PERS is considered to be part of the City of New Haven's financial reporting entity and is included in the City's financial reports as a pension trust fund.

The City provides retirement benefits through a single employer, contributory, defined benefit plan. Under the Plan, all full time employees of the General Fund or Water Pollution Control Authority or full-time elected or appointed officers are eligible if, (1) hired before age 55 (age 60 for some employee groups); (2) not receiving benefits from or eligible for participation in any other pension plan of the City or the State of Connecticut; and (3) makes employee contributions. Employees are 100 percent vested after 10 years of service. If an employee leaves covered employment or dies before 10 years of service, accumulated employee contributions are returned without interest. The retirement benefit is calculated at 2 percent of the participant's highest average pay for each year of service and fraction thereof up to 20 years plus 3% of highest average pay for each year of service and fraction thereof in excess of 20 thereafter subject to a maximum of 70% of highest average pay. Normal retirement age is: Age 60 or 65 (dependent on date of entry to the Plan) or earlier if the "Rule of 80" is satisfied. Benefits and contributions are established by the City and may be amended by the City.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Contributions

Cafeteria workers contribute 5% of all earnings, Public Works employees contribute 6.25% of all earnings, and all other employees contribute 6% of all earnings. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees.

Plan Changes

The latest actuarial valuation as of June 30, 2008 did not include any material changes in funding method or assumptions. The latest actuarial valuation as of June 30, 2008 reflects no material changes in plan provisions or coverage.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
6/30/08	\$201,039,400	\$357,226,500	\$156,187,100	56.3%	\$ 55,394,700	282.0%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Assumptions and Methods

Reporting Date – End of Fiscal Year	6/30/2010
Latest Actuarial Valuation Date	6/30/2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent
Remaining Amortization Period	30 Year Open Period
Asset Valuation Method	Phase-in of investment gains and losses, 20% per year for 5 years
Actuarial Assumptions:	
Investment Rate of Return*	8.50%
Projected Salary Increases*	Age related scale with average of 4.70%
* Includes Inflation at	3.00%
Cost of Living Adjustments	3.00%

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Calculation of Annual Pension Cost (APC) and Net Pension Obligation (NPO):

Actuarially Required

1. Contribution (ARC)	\$ 11,501,900
2. Interest on NPO	138,832
3. Adjustment To (ARC)	<u>(87,110)</u>
4. Annual Pension Cost (APC)	11,553,622
5. Contribution Made	<u>11,501,900</u>
6. Increase in NPO	51,722
7. NPO Beginning of Year	<u>1,633,314</u>
8. NPO End of year	<u><u>\$ 1,685,036</u></u>

ANNUAL PENSION COST AND NET PENSION OBLIGATION
THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Actual Contribution
6/30/08	\$ 9,569,104	99.5%	\$ 1,534,585	\$ 9,522,000
6/30/09	10,988,134	99.5%	1,633,314	10,938,000
6/30/10	11,553,622	99.6%	1,685,036	11,501,900

Policemen and Firemen Retirement Fund

Plan Membership

Membership in each plan consisted of the following at June 30, 2008, the date of the last actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	1,092
Terminated plan members entitled to but not yet receiving benefits	3
Active Plan Members	<u>773</u>
Total	<u><u>1,868</u></u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Plan Description

The City of New Haven is the administrator of a single employer Public Employee Retirement System (PERS) established and administered by the City to provide pension benefits for its employees. The PERS is considered to be part of the City of New Haven's financial reporting entity and is included in the City's financial reports as a pension trust fund.

The City provides retirement benefits through a single employer, contributory, defined benefit plan. Under the Plan, all policemen and firemen are eligible. Employees are 100 percent vested after 10 years of service. If an employee leaves covered employment or dies before 10 years of service, accumulated employee contributions are returned without interest. The retirement benefit is calculated at 2.5 percent of the participant's highest average pay for each year of service and fraction thereof up to 20 years plus 3% of highest average pay for each year of service and fraction thereof in excess of 20 thereafter subject to a maximum of 80% (83% for police) of highest average pay. Normal Retirement Age is after 20 years of continuous service. Benefits and contributions are established by the City and may be amended by the City.

Contributions

Fire members contribute 8.75% of all City earnings. (Effective July 1, 2006 police contribute 9.75% of all City earnings). In addition, policemen contribute 4.80% of extra duty earnings and firemen contribute 4.375% of extra duty earnings. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees.

Plan Changes

The latest actuarial valuation dated June 30, 2008 did not include any material changes in funding methods or actuarial assumptions. The latest actuarial valuation dated June 30, 2008 reflects no material changes in plan provisions or coverage.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
6/30/08	\$297,398,600	\$534,902,000	\$237,503,400	55.6%	\$ 54,570,400	435.2%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Actuarial Assumptions and Methods

Reporting Date – End of Fiscal Year	6/30/2010
Latest Actuarial Valuation Date	6/30/2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent
Remaining Amortization Period	30 Year Open Period
Asset Valuation Method	Phase-in of investment gains and losses, 20% per year for 5 years
Actuarial Assumptions:	
Investment Rate of Return*	8.50%
Projected Salary Increases*	Age related scale with average of 5.00%
* Includes Inflation at	3.00%
Cost of Living Adjustments	1.50%

Calculation of Annual Pension Cost (APC) and Net Pension Obligation (NPO):

Actuarially Required

1. Contribution (ARC)	\$ 17,811,000
2. Interest on NPO	932,251
3. Adjustment To (ARC)	<u>(565,052)</u>
4. Annual Pension Cost (APC)	18,178,199
5. Contribution Made	<u>17,811,000</u>
6. Increase in NPO	367,199
7. NPO Beginning of Year	<u>10,967,659</u>
8. NPO End of year	<u><u>\$ 11,334,858</u></u>

ANNUAL PENSION COST AND NET PENSION OBLIGATION
THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Actual Contribution
6/30/08	\$ 15,343,793	97.8%	\$ 10,612,356	\$ 15,000,000
6/30/09	17,042,303	97.9%	10,967,659	16,687,000
6/30/10	18,178,199	98.0%	11,334,858	17,811,000

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

Teachers' Retirement Plan

All City of New Haven certified teachers participate in the State of Connecticut Teachers' Retirement System, a cost-sharing multiple-employer public employee retirement system (PERS), established 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 sixty and has accumulated twenty years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries, \$9.8 million in fiscal year 2009, and transmits the funds to the State Teachers' Retirement Board.

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 City does not have any liability for teacher pensions. For the year ended June 30, 2010 the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$19,238,000 as payments made by the State of Connecticut on-behalf of the City.

The State of Connecticut Teacher Retirement System 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.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Other Post-Employment Benefit Plans

Membership in the Plan consisted of the following at the date of the latest actuarial valuation:

Division	Active Participants	Retired Participants and Spouses	Total
General City	\$ 904	\$ 711	\$ 1,615
Police and Fire	732	1,104	1,836
BOE	637	143	780
Teachers	1,629	644	2,273
Total	\$ 3,902	\$ 2,602	\$ 6,504

Plan Description

The City of New Haven is the administrator of a single employer, contributory, defined benefit Other Post-Employment Benefits Plan (OPEB). The OPEB Plan provides medical coverage to eligible retirees and their spouses. The OPEB Plan also provides life insurance coverage to eligible retired School Administrators and Teachers. Eligibility under the plan varies depending on specific provisions for local unions. The OPEB is considered to be part of the City of New Haven's financial reporting entity and is included in the City's financial reports as a post-employment benefit trust fund.

Funding Policy

The obligations of the plan members, employers and other entities are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rate of the employer and the members varies depending on the applicable agreement. The City currently contributes enough money to the plan to satisfy current obligations on a pay-as-you go basis. The costs of administering the plan are paid by the City.

The OPEB obtained its latest actuarial valuation as of July 1, 2009 upon which the annual required contribution for the fiscal year ended June 30, 2010 was determined based on a 5% discount rate.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
6/30/09	\$ -	\$413,995,000	\$413,995,000	0.0%	\$297,848,396	139.0%

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Cost Method The normal cost is the portion of the Actuarial Present Value of Future Benefits that a cost method allocates to the current plan year.

Under the Projected Unit Credit Actuarial Cost Method, the normal cost for plan benefits is the total of the individual normal cost for active participants. The cost method derives the normal cost for each active participant as the actuarial present value of the projected benefits that are attributed to expected service in the current year plan.

The accrued liability is equal to the portion of the present value of future benefits that is allocated to years of service before the valuation date. The accrued liability is amortized over 30 years, as a level dollar amount open.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend rate. Amounts determined regarding the funding status of the plans and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Annual OPEB cost and Net OPEB Obligation

The City's annual post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement 45 for employers in plans with more than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

The calculation of the change in the net OPEB obligation for the year ended June 30, 2010 follows:

Actuarially Required

1. Contribution (ARC)	\$ 42,126,000
2. Interest on Net OPEB obligation	2,531,900
3. Adjustment To (ARC)	<u>(3,137,400)</u>
4. Annual OPEB Cost (AOC)	41,520,500
5. Contribution Made	<u>19,835,300</u>
6. Increase in Net OPEB obligation	21,685,200
7. Net OPEB obligation, beginning of year	<u>50,638,300</u>
8. Net OPEB obligation, end of year	<u>\$ 72,323,500</u>

ANNUAL OPEB COST AND NET OPEB OBLIGATION
THREE YEAR TREND INFORMATION

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Annual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net Operating Obligation</u>
6/30/08	\$ 42,126,000	\$ 14,350,000	34.1%	\$ 27,776,000
6/30/09	41,793,858	18,931,531	45.3%	50,638,300
6/30/10	41,520,500	19,835,300	47.8%	72,323,500

City Employees' Other Post-Employment Benefit Plan

Eligibility

Executive Management, local 3144; classified employees, local 884, locals 68 and 71; trade employees; and cafeteria workers, and local 217 are eligible for medical coverage upon meeting one of the following criteria:

1. 25 years of service of Rule of 80
2. 20 years with a service connected disability or
3. 15 years of service and meet total disability requirements of Social Security

Cafeteria workers must retire after 7/1/82 and still meet one of the eligibility requirements. Trade employees must retire after 7/1/87 and still meet one of the eligibility requirements.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

Medical coverage is provided for the retiree and their spouse until they reach the age of 70, except for local 884 and local 68 who are covered through age 65. The retiree's spouse will be covered in the event of the retiree's death until the date the retiree would turn age 70, except for local 884 and local 68 who are covered through the date the retiree would turn age 65.

Contributions

The cost of medical coverage for eligible retirees and their spouses is as follows:

Executive Management, local 3144 – There is no retiree contribution for those who retired prior to July 1, 2001. Retirees on or after June 1, 2009 pay the same cost as an active participant at the time of retirement.

Local 884, 68 – There is no retiree contribution for those who retired prior to July 1, 1998. Retirees on or after June 1, 1998 pay the same cost as an active participant at the time of retirement.

Local 71 – There is no retiree contribution for those who retired prior to June 30, 1998. Retirees on or after June 30, 1998 pay a portion of the cost for medical coverage.

Trade – There is no retiree contribution for those who retired prior to June 30, 2004. Retirees on or after July 1, 2004 pay a portion of the cost for medical coverage.

Cafeteria Workers, local 217 – There is no retiree contribution.

The actuarial assumptions to value benefits for all locations except Police, Fire, Teachers, and School Administrators as of July 1, 2007:

Mortality Basis RP-2000 projected to the valuation year + 10 years with separate male and female tables and separate tables for active employees and annuitants.

Termination Sample Yearly Rates of Termination

<u>Age</u>	<u>Male</u>	<u>Female</u>
15	12.0%	17.0%
20	12.0%	17.0%
25	10.0%	15.8%
30	9.0%	12.0%
35	8.0%	9.6%
40	6.3%	7.2%
45	4.4%	4.8%
50	2.2%	2.4%
55	2.0%	1.0%
60	2.0%	1.0%

Expenses estimated to be \$150,000 per year.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Disability	The assumed rates of disability are from the 1985 Pension Disability Table Class, 1 professional administrative, supervisory, sales, and clerical occupations.
Discount Rate	5.0%
Medical Inflation	Claim costs and premiums are assumed to increase 10% for 2009, decreasing 1% per year to 5% for 2014 and later.
Aging Rate Effect on Medical Costs	<u>Increase Per Year</u> Up to 39 2.4% 40-54 3.3% 55-59 3.6% 60-64 4.2% 65-69 3.0% 70-74 2.5% 75-79 2.0% 80-84 1.0% 85-89 0.5% 90+ 0.0%
Assumed Retirement Age	Active members are assumed to retire on the earlier of 62 with 20 years or meeting the Rule of 80. Any member who has reached the Assumed Retirement Age is expected to retire immediately.
Survivorship	85% of male employees and 65% of female employees are assumed married, wives are 2 years younger than husbands.

Policemen and Firemen Other Post-Employment Benefit Plan

Eligibility

Policemen and Firemen are eligible for post-employment medical coverage when they meet 20 years of service and are eligible for full pension or are disabled from active service.

Medical coverage is provided for the retiree and their spouse until they reach the age of 70. The retiree's spouse will be covered in the event of the retiree's death until the date the retiree would turn age 70.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Contributions

The cost of medical coverage for eligible retirees and their spouses is dependent on the medical plan selected and the coverage level as follows:

	Century Preferred	Blue Care 1	Blue Care 2
Police - Individual	\$50/mo.	\$45/mo.	-
Police - Employee and Spouse	\$105/mo.	\$85/mo.	-
Fire - Individual	\$55/mo.	\$45/mo.	\$40/mo.
Fire - Employee and Spouse	\$110/mo.	\$85/mo.	\$80/mo.

The actuarial assumptions to value benefits for Police and Fire as of July 1, 2007:

Mortality Basis RP-2000 projected to the valuation years + 10 years with separate male and female tables, with blue collar adjustment for participants only, and separate tables for active members and annuitants.

Termination Sample Yearly Rates of Termination

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	4.0%	6.0%
25	4.0%	6.0%
30	3.0%	4.0%
35	2.0%	3.0%
40	1.2%	2.0%
45	0.6%	1.0%
50	0.0%	0.0%

Disability The 1985 Disability Pension Study, Class 4 hazardous occupations.

Discount Rate 5.0%

Medical Inflation Claims and premiums are assumed to increase 10% for 2009, decreasing 1% per year to 5% for 2014 and later.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Aging Rate Effect on Medical Costs	<u>Increase Per Year</u>
	Up to 39 2.4%
	40-54 3.3%
	55-59 3.6%
	60-64 4.2%
	65-69 3.0%
	70-74 2.5%
	75-79 2.0%
	80-84 1.0%
	85-89 0.5%
	90+ 0.0%

Assumed Retirement Age Active members are assumed to retire after completing 25 years of actual service. Any member who has reached the Assumed Retirement Age is expected to retire immediately.

Survivorship 90% of employees and wives are two years younger than husbands.

School Administrators' and Teachers' Other Post-Employment Benefit Plan

Eligibility

Medical coverage is provided for the retiree and their spouse until they reach the age of 65. For administrators and teachers hired before April 1, 1986, coverage may be continued for life if ineligible for Medicare. The spouse will be covered in the event of the retiree's death until the date the retiree would turn age 65.

The face amount of a life insurance policy for eligible Administrators and Teachers is \$75,000.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Contributions

Retirees pay a portion of the cost of medical coverage.

The actuarial assumptions to value benefits for Teachers and School Administrators as of July 1, 2007:

Mortality Basis As used in the Connecticut State Teachers' Retirement System 2006 Pension Valuation; age 61 and under use the Pre-retirement rates; 62 and over the Post-retirement rates.

Age	Male Rate	Female Rate
25	.0210%	.0109%
35	.0431%	.0249%
45	.0790%	.0527%
55	.1489%	.1316%
61	.3282%	.3029%
62	.4966%	.4596%
65	.7659%	.6593%
75	2.2802%	2.0100%
85	7.7020%	5.4696%
95	22.0697%	16.4072%
105	38.3040%	26.6044%
110	100.0000%	100.0000%

Termination Service-Based Withdrawal Rates (until eligible to retire from Connecticut State TRS 2006 Pension Valuation)

Age	Male Rate	Female Rate
0-1	.1400%	.1200%
1-2	.0850%	.0900%
2-3	.0550%	.0700%
3-4	.0450%	.0600%
4-5	.0350%	.0550%
5-6	.0250%	.0500%
6-7	.0240%	.0450%
7-8	.0230%	.0350%
8-9	.0220%	.0300%
9-10	.0210%	.0250%
10+	Use age-related rates until eligible to retire.	

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Termination Sample-Age Based Withdrawal Rates (until eligible to retire from Connecticut State TRS 2006 Pension Valuation)

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25-37	.0120%	.0350%
40	.0120%	.0230%
45	.0126%	.0140%
50	.0196%	.0125%
55	.0336%	.0160%
59+	.0400%	.0190%

Disability None

Discount Rate 5.0%

Medical Inflation Claims and premiums are assumed to increase 12% for 2007, decreasing 1% per year to 5% for 2014 and later. It is assumed that fees and administrative expenses of \$580 per person would increase 4% per year.

Aging Rate Effect on
Medical Costs

Increase Per Year

Up to 39	0.0%
40-54	3.3%
55-59	3.6%
60-64	4.2%
65-69	3.0%
70-74	2.5%
75-79	2.0%
80-84	1.0%
85-89	0.5%
90+	0.0%

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Assumed Retirement Age

Age	Eligible for Normal (Unreduced) Retirement (Age 60 and 20 Yrs. of Service or 35 Yrs of Service)		Eligible for Early (Reduced) Retirement (Age 55 and 20 Yrs. of Service or 25 Yrs. of Service)	
	Male	Female	Male	Female
50-51	27.5%	15.0%	2.0%	2.0%
52	27.5%	15.0%	3.0%	4.0%
53	27.5%	15.0%	3.0%	4.5%
54	27.5%	15.0%	5.0%	5.5%
55	38.5%	30.0%	5.0%	7.5%
56	38.5%	30.0%	7.0%	8.5%
57	38.5%	30.0%	10.0%	9.5%
58	38.5%	30.0%	11.0%	10.0%
59	38.5%	30.0%	12.0%	10.0%
60	22.0%	20.0%		
61-62	25.3%	22.5%		
63-64	27.5%	22.5%		
65	36.3%	30.0%		
66-69	27.5%	30.0%		
70-79	100.0%	40.0%		
80	100.0%	100.0%		

Survivorship .70% of males and 35% of females; wives are three years younger than
 Than Husbands husbands

Component Unit

Parking Authority Pension Plan

Non-union, full-time employees of the Authority who have attained the age of 21 may participate in a contributory money accumulated pension plan. The Authority's contributions are calculated using 15 percent of nonunion salaries. Employees may elect to voluntarily contribute up to 16 percent of their salary. Employees vest 20 percent in the employer contribution after each full year in the plan and are fully vested after five years of participation.

Total payroll for nonunion employees amounted to \$826,695 and the Authority's contributions amounted to \$123,096 for the year ended June 30, 2010.

The Authority also participates in the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) Local 531 Pension Fund (the "Fund"). This Plan requires contributions to be made on behalf of all bargaining unit employees and all other employees on the payroll such as temporary and casual employees. Under the terms of the union agreement, the Authority's contributions to this Fund were based on 15.5 percent of union salaries.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

The total payroll of all bargaining unit employees for the year ended June 30, 2010 amounted to \$3,367,874. The Authority's contributions for the year ended June 30, 2010 amounted to \$510,911.

Note 13. Commitments and Contingencies

General Government

The City is a defendant in various liability claims and lawsuits relating to deaths and personal injuries, civil rights violations, contractual obligations and other matters, which are incidental to performing governmental functions. The City has determined that it is probable that it has potential liability of up to approximately \$8,800,000 for such claims. The City has accrued approximately \$8,800,000 in the self-insurance reserve internal service fund. But the self-insurance fund has a deficit of approximately \$16,165,000; therefore, funding has not been provided for these potential liabilities (see Note 11 regarding fund deficits). The City's liabilities for claims and judgments were based on information available. It is reasonably possible that, as the cases evolve, the resulting estimates will be adjusted significantly in the near term.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed costs or claims, including amounts already received by the City, could become a liability of the City.

Operating Lease Agreements

The City leases office space and garage under cancelable and non-cancelable operating leases with terms extending over the next one to nine years. As of June 30, 2010, total future minimum rental payments under these leases are as follows:

Year Ending June 30,	
2011	\$ 3,898,751
2012	2,836,866
2013	1,924,835
2014	1,369,460
2015	740,706
Thereafter	1,218,682
	<u>\$ 11,989,300</u>

Rent expense related to these agreements amounted to approximately \$5,529,000 for the year ended June 30, 2010.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Component Units

The New Haven Parking Authority is a defendant in other litigation arising in the ordinary course of business. In the opinion of the Parking Authority's management, based upon the advice of legal counsel, the ultimate liability, if any, with respect to these matters will not be material. The Parking Authority intends to defend itself vigorously against these actions.

Parking Authority Lease Agreements

The Parking Authority also leases the Granite Square Garage facility for a period of 25 years. The lease for the facility requires monthly rental payments which are based primarily upon the recovery of costs to finance the facility. The estimated monthly rent at June 30, 2010 is \$33,000.

The following is a schedule, as of June 30, 2010, of estimated future minimum rental payments for the next five years and thereafter, which are required of the Authority as lessee under this agreement:

Year Ending June 30,	
2011	\$ 415,000
2012	439,000
2013	470,000
2014	500,000
2015	535,000
	<u>\$ 2,359,000</u>

Total Parking Authority rental expense under cancelable and non-cancelable operating leases is included in the statement of revenues, expenses and changes in fund net assets and totaled approximately \$746,000 for the year ended June 30, 2010.

The Parking Authority, as owner, or in its capacity as agent for the City, is also the lessor under the terms of various operating leases on property owned or operated by the Parking Authority. Such leases relate to the rental of commercial space located in the Crown Street, Temple-George, Air Rights Parking Facilities and commercial space, office space, and rail property within the Union Stations Transportation Center. Leasing arrangements generally require monthly rental payments and include terms ranging from three to thirty years.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2010

A schedule as of June 30, 2010 of minimum future rentals for the next five years on non-cancelable leases, where the Parking Authority, as owner or in its capacity as agent, is the lessor, is summarized as follows:

Year Ending June 30,	
2011	\$ 1,583,879
2012	939,881
2013	912,702
2014	744,796
2015	646,790
2016 and Thereafter	<u>1,574,376</u>
	<u><u>\$ 6,402,424</u></u>

The Parking Authority has entered into several long-term contracts for improvements to its parking facilities. As of June 30, 2010 there was approximately \$365,000 of commitments outstanding for improvements to unrestricted facilities, and approximately \$1,899,000 of commitments outstanding for improvements to restricted facilities.

Subsidies

The City has historically subsidized various non-related party activities through General Fund expenditures for development. The amount subsidized for fiscal-year-ended June 30, 2010 was approximately \$945,000 which included approximately \$260,000 for the Shubert Performing Arts Center, \$550,000 for Tweed-New Haven Airport, and \$135,000 for the PILOT Pen tennis tournament. The Shubert and Tweed-New Haven Airport also receive a favorable lease agreement of \$1 per year for occupying City owned property. These expenditures are approved annually by the Board of Alderman during the budgetary meetings.

Note 14. Closure and Post Closure Care Cost

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The estimated total current cost of the landfill closure and post closure care, aggregating \$1,500,000, is based on the amount estimated to be paid for all equipment, facilities and services required to close, monitor and maintain the landfill as of June 30, 2010. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Costs will be funded through the issuance of general obligation bonds and state and federal grants.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Note 15. Risk Management

The City is self-insured for property, general and automobile liability, workers' compensation and employee health. Workers' compensation and employee health are administered by private insurance companies. The City maintains a stop loss insurance coverage policy in the amount of \$1,000,000 for property, general and automobile liability.

The self-insured activities for general liability and medical benefits are accounted for in the Internal Service Funds. The workers compensation account is funded by the General Fund.

The City contracts with a private insurance company to administer workers' compensation claims and provide an actuarial estimate of claims payable as of June 30, 2010. The liability for workers' compensation and heart and hypertension not transferred and not expected to be paid with current available resources is reported in the government-wide statements in the amount of approximately \$33,561,600. Employee health claims are funded based on estimates by the City's insurance consultants and expenses are recognized as incurred. These amounts are recorded in the Internal Service Fund as operating revenues and expenses.

Claims arising from property, general and automobile liability are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

Changes in the balances of claim liabilities during the past two years are as follows:

Fiscal Year Ended	Self-Insurance Reserve Fund			
	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2010	\$ 9,182,788	\$ 476,902	\$ 901,415	\$ 8,758,275
2009	7,710,563	4,705,777	3,233,552	9,182,788

Fiscal Year Ended	Medical Self-Insurance Fund			
	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2010	\$ 6,250,267	\$ 75,194,998	\$ 75,998,005	\$ 5,447,260
2009	5,208,708	77,432,810	76,391,251	6,250,267

Fiscal Year Ended	Workers' Compensation and Heart & Hypertension Account			
	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2010	\$ 33,144,478	\$ 10,114,806	\$ 9,697,684	\$ 33,561,600
2009	32,402,296	9,289,529	8,547,347	33,144,478

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Note 16. Related Party Transactions

New Haven Parking Authority

The City conducts activity with the New Haven Parking Authority (the "Parking Authority"). Two of the individuals who serve on the Board of Commissioners of the Parking Authority are also employees of the City. These individuals monitor the functioning of the Parking Authority on behalf of the City and provide input from the City on various matters. All members of the Parking Authority's Board of Commissioners are appointed by the Mayor of the City of New Haven.

Related party account balances at June 30, are as follows:

	<u>2010</u>
Accounts payable and accrued expenses to the City from the Authority	<u>\$ 229,740</u>

In March 2004, the State of Connecticut transferred ownership of several surface lots operated by the Parking Authority to the City of New Haven. The Parking Authority continued to operate these lots under an annual license agreement with the City. The Parking Authority also operated the State Street Surface lots on behalf of the City.

Related Party Rental Expense of the Authority:

	<u>2010</u>
Under Air Rights	\$ 51,120
Dwight and Orchard	112,800
State Street Surface Lots	16,222
Sherman and Tyler	24,000
Orchard and Sherman	24,000
	<u>\$ 228,142</u>

During 2010, the City received a voluntary financial assistance payment of \$3,000,000 from the Parking Authority.

Solid Waste Authority

The City also conducts activity with the New Haven Solid Waste and Recycling Authority (the "Solid Waste Authority"). The Authority entered into an Asset Purchase Agreement with the City of New Haven in June 2008. Under the agreement, the City sold its Transfer Station assets and assigned all of its Transfer

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Station system responsibilities and liabilities to the Authority. Two officers of the Solid Waste Authority are also employees of the City. There is one individual who is a management level employee of both the City and the Authority. These individuals function as activity monitors for the City and provide input from the City on various matters. All members of the Solid Waste Authority's Board are appointed by the Mayor of the City of New Haven.

Related party activity of the Authority at June 30, 2010 is as follows:

	<u>2010</u>
Operating revenue received by Authority from the City for services	<u>\$ 3,545,465</u>

Note 17. Discontinued Operations – Component Units

New Haven Coliseum Authority

The New Haven Coliseum Authority (The Authority) ceased operations in August 2002. The majority of the assets were sold at public auction in previous years and the balance was disposed of upon the demolition of the Coliseum, which occurred during the fiscal year ending June 30, 2007.

On August 3, 2009, the Board of Aldermen of the City of New Haven approved the dissolution of the New Haven Coliseum Authority by amending the original ordinance that created the Authority in 1966.

Note 18. Restatement

The June 30, 2009 government-wide financial statements and the Capital Project Fund was restated due to an error in not recognizing an intergovernmental receivable for school construction projects. As a result, for the fiscal year beginning July 1, 2009, the following restatements were made to beginning net assets for governmental activities, and the Capital Project Fund. In addition, the calculation of the investments in capital assets was also restated for the effects of debt associated with capital assets.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Government-Wide Net Assets

	Total Net Assets	Invested in Capital Assets Net of Related Debt	Restricted Net Assets	Unrestricted Net Assets
Net Assets, as previously reported, June 30, 2009	\$659,553,961	\$795,545,245	\$ 12,887,497	\$ (148,878,781)
Correction of Error				
School Construction Receivable	54,000,000	-	-	54,000,000
Net asset calculation error	-	(80,618,920)	-	80,618,920
	54,000,000	(80,618,920)	-	134,618,920
Net Assets, As Restated, June 30, 2009	<u>\$713,553,961</u>	<u>\$714,926,325</u>	<u>\$ 12,887,497</u>	<u>\$ (14,259,861)</u>

Governmental Funds

	Capital Project Fund
Fund Deficit, as previously reported, June 30, 2009	\$ (62,167,683)
Add: School Construction Receivable, Net	54,000,000
Deduct: Deferred Revenue	(44,000,000)
Fund Deficit, as restated, June 30, 2010	<u>(52,167,683)</u>

Note 19. Subsequent Events

Bond Anticipation Notes

On July 14, 2010, the City issued \$28,500,000 in bond anticipation notes (BAN's) maturing on March 24, 2011 with an interest rate of 2.00%. The BAN's were issued for various capital projects. General obligation bonds will be issued to pay off the BAN.

On October 19, 2010, the City issued \$15,695,000 in General Obligation Refunding Bonds due in 2014. The proceeds were used to advance refund portions of the outstanding principal amounts of the general obligation bonds of the City dated May 2001, Series A and B; and January 2002, Series A.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Pronouncements Issued, Not Yet Effective

The Government Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2010 that may impact future financial presentation.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

Statement No. 54

Fund Balance Reporting and Governmental Fund Type Definitions

This Statement will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2011. This Statement establishes accounting and financial reporting standards for all governments that report governmental funds. This Statement establishes the criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The implementation of this Statement will result in changes to the classification of fund balances and the classification of funds in the City's governmental funds.

Statement No. 57

OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans

The provisions of Statement No. 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011.

Statement No. 59

Financial Instrument Omnibus

The objective of Statement No. 59 is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010.

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**Required Supplementary
Information**

REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Current City Taxes:				
Real Estate	\$ 172,487,143	\$ 172,487,143	\$ 171,461,325	(1,025,818)
Personal Property	15,323,275	15,323,275	15,323,275	-
Motor Vehicle	11,854,685	11,854,685	11,809,792	(44,893)
Supplemental	2,000,000	2,000,000	1,938,928	(61,072)
Current Interest	1,000,000	1,000,000	1,026,032	26,032
Total Current City Taxes	202,665,103	202,665,103	201,559,352	(1,105,751)
Tax Collection Initiatives:				
Real and Personal Property Initiatives	1,500,000	1,500,000	1,526,655	26,655
Delinquent City Taxes:				
Real and Personal Property	1,000,000	1,000,000	2,945,950	1,945,950
Interest and Penalties	1,000,000	1,000,000	792,964	(207,036)
Total Delinquent City Taxes	2,000,000	2,000,000	3,738,914	1,738,914
Education Grants:				
Education Cost Sharing	142,509,525	142,509,525	142,267,113	(242,412)
State Aid for Construction and Reconstruction	7,621,959	7,621,959	8,281,702	659,743
School Transportation	4,132,437	4,132,437	3,669,259	(463,178)
Education of the Legally Blind	300,000	300,000	140,116	(159,884)
Health Services - Non-Public Schools	75,000	75,000	89,623	14,623
Total Education Grants	154,638,921	154,638,921	154,447,813	(191,108)
Other Government Grants:				
PILOT - State Property	4,378,910	4,378,910	4,415,217	36,307
PILOT - Colleges and Hospitals	37,833,103	37,833,103	36,945,253	(887,850)
Distressed Cities Exemption	306,511	306,511	322,852	16,341
Tax Relief for the Elderly Freeze	65,000	65,000	18,295	(46,705)
Homeowners Tax Relief - Elderly Circuit Breaker	446,204	446,204	463,847	17,643
Reimbursements for Low Income Veterans	54,113	54,113	48,880	(5,233)
Reimbursements for the Disabled	9,117	9,117	10,818	1,701
PILOT - Boats	33,783	33,783	17,309	(16,474)
PILOT - Machinery and Equipment	786,667	786,667	781,830	(4,837)
Off Track Betting (OTB)	900,000	900,000	994,252	94,252
Federal Stimulus Aid	991,017	991,017	-	(991,017)
Pequot Funds	10,968,923	10,968,923	7,730,242	(3,238,681)
Town Aid for Roads	447,684	447,684	610,471	162,787
Total Other Government Grants	57,221,032	57,221,032	52,359,266	(4,861,766)

See Note to Required Supplementary Information.

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REQUIRED SUPPLEMENTARY INFORMATION

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

GENERAL FUND, Continued

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Licenses, Permits and Other Fees:				
Other Agencies	\$ 70,000	\$ 70,000	\$ 41,749	(28,251)
Map/Bid Documents	4,000	4,000	5,307	1,307
Office of Technology	1,500	1,500	1,995	495
Parks - Lighthouse Admissions and Concessions	170,000	170,000	171,814	1,814
Parks - Carousel and Building	5,000	5,000	3,462	(1,538)
Parks - Other Fees	50,000	50,000	61,281	11,281
Town Clerk/City Clerk	400,000	400,000	399,364	(636)
Police Service	90,000	90,000	128,149	38,149
Animal Shelter	5,000	5,000	5,275	275
Fire Service	35,000	35,000	53,275	18,275
Health Services	300,000	300,000	263,640	(36,360)
Registrar of Vital Statistics	425,000	425,000	615,676	190,676
Public Works - Public Space, Licenses and Permits	230,000	230,000	232,749	2,749
Public Works - Evictions	2,000	2,000	655	(1,345)
Residential Parking Permits	40,000	40,000	31,782	(8,218)
Traffic and Parking Meter Receipts	4,000,000	4,000,000	4,111,802	111,802
Building Inspections	8,200,000	8,200,000	12,687,504	4,487,504
Cplan Other Licenses	-	-	3,731	3,731
High School Athletics	20,000	20,000	25,661	5,661
Total Licenses, Permits and Other Fees	14,047,500	14,047,500	18,844,871	4,797,371
Investment Income:				
Interest Income	1,500,000	1,500,000	120,213	(1,379,787)
Received From Fines:				
Superior Court	45,000	45,000	75,180	30,180
Parking Tags	6,000,000	6,000,000	4,950,083	(1,049,917)
Public Works - Public Space Violations	5,000	5,000	5,100	100
Fines	25,000	25,000	46,868	21,868
Total Received From Fines	6,075,000	6,075,000	5,077,231	(997,769)
Payment in Lieu of Taxes (PILOT):				
Telecommunications Property Tax	675,916	675,916	722,956	47,040
South Central Region Water Authority	866,935	866,935	841,583	(25,352)
Air Rights Garage - Temple Medical	65,707	65,707	35,810	(29,897)
Temple Arcade	-	-	17,517	17,517
52 Howe Street	60,504	60,504	60,504	-
Hospital of St. Raphael	9,603	9,603	9,603	-

See Note to Required Supplementary Information.

(Continued on next page)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) -
GENERAL FUND, Continued
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Payment in Lieu of Taxes (PILOT), Continued:				
Ninth Square	-	-	580,065	580,065
New Haven Parking Authority	3,000,000	3,000,000	3,000,000	-
Restored State Funding	3,556,475	3,556,475	-	(3,556,475)
Trinity Housing	25,568	25,568	96,565	70,997
Total Payment in Lieu of Taxes (PILOT)	8,260,708	8,260,708	5,364,603	(2,896,105)
Other Taxes and Assessments:				
Real Estate Conveyance Tax	1,325,000	1,325,000	1,152,606	(172,394)
Yale Payment for Fire Services	2,672,937	2,672,937	2,672,937	-
Air Rights Garage	200,000	200,000	200,009	9
Total Other Taxes and Assessments	4,197,937	4,197,937	4,025,552	(172,385)
Miscellaneous:				
Parks Employee Rent	9,000	9,000	8,665	(335)
Misc. Community Development Rents	400,000	400,000	418,825	18,825
Parking Space Rent	4,057	4,057	4,400	343
Shell Fish	37,861	37,861	31,914	(5,947)
Controllers	1,720,000	1,720,000	959,682	(760,318)
Personal Motor Vehicles Reimbursements	30,000	30,000	14,005	(15,995)
Welfare Department	19,000	19,000	-	(19,000)
Non-Profits	5,513,816	5,513,816	6,332,636	818,820
Fire Insurance Recoveries	320,000	320,000	97,253	(222,747)
1-95 Highway Expansion	-	-	161,824	161,824
United Illuminating Rebate	50,000	50,000	89,653	39,653
GNHWPCA - PILOT	608,400	608,400	608,400	-
Sale of Fixed Asset	3,172,423	3,172,423	3,775,000	602,577
Residential Loan Payments	10,000	10,000	12,538	2,538
Total Miscellaneous	11,894,557	11,894,557	12,514,795	620,238
Total revenues and other financing sources	\$ 464,000,758	\$ 464,000,758	459,579,265	\$ (4,421,493)

Budgetary revenues are different than GAAP revenues because:

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

19,238,000

Excess cost - student based

2,851,896

Total revenues and other financing uses as report on the statement of
revenues, expenditures and changes in fund balance - governmental
funds - Exhibit D.

\$ 481,669,161

See Note to Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) -
 GENERAL FUND
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
General Government:				
Mayor and Administration	\$ 1,427,757	\$ 1,427,757	\$ 1,597,478	\$ (169,721)
Board of Alderman	805,423	805,423	709,214	96,209
Corporation Counsel	1,830,540	1,830,540	1,812,562	17,978
Development	4,994,927	4,994,927	4,831,454	163,473
Finance	10,013,686	10,013,686	9,662,838	350,848
Tax and Assessors	1,259,146	1,259,146	749,933	509,213
General Government Other	1,030,441	1,030,441	821,025	209,416
Human Resources	1,057,574	1,057,574	755,884	301,690
Liability - Self-Insurance	4,604,500	4,604,500	4,706,544	(102,044)
Total General Government	27,023,994	27,023,994	25,646,932	1,377,062
Public Safety:				
Police	38,967,454	38,967,454	39,333,794	(366,340)
Fire	31,703,222	31,703,222	31,436,166	267,056
Total Public Safety	70,670,676	70,670,676	70,769,960	(99,284)
Public Works:				
Department of Public Works	13,182,787	13,182,787	11,227,009	1,955,778
Engineering	3,674,830	3,674,830	3,142,871	531,959
Traffic and Parking	2,149,066	2,149,066	2,255,785	(106,719)
Total Public Works	19,006,683	19,006,683	16,625,665	2,381,018
Public Services				
Health & Welfare	6,891,090	6,891,090	6,854,148	36,942
Cultural and Recreation:				
Cultural and Recreation	8,832,748	8,832,748	8,700,514	132,234
Employee Benefits:				
Pension, Medicare and Social Security	32,792,929	32,792,929	33,190,130	(397,201)
Employee Insurance	62,893,561	62,893,561	64,508,144	(1,614,583)
Total Employees Benefits	95,686,490	95,686,490	97,698,274	(2,011,784)
Education				
Total Education	173,719,297	173,719,297	173,565,050	154,247

See Note to Required Supplementary Information.

(Continued on next page)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) -
GENERAL FUND, Continued
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT, CONTINUED				
Debt Service:				
Principal	39,149,788	39,149,788	39,149,788	-
Interest	23,019,992	23,019,992	20,417,006	2,602,986
Total Debt Service	<u>62,169,780</u>	<u>62,169,780</u>	<u>59,566,794</u>	<u>2,602,986</u>
Total Expenditures and Other Financing Uses	<u>\$ 464,000,758</u>	<u>\$ 464,000,758</u>	459,427,337	<u>\$ 4,573,421</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for City teachers are not budgeted	19,238,000
Excess cost - student based	<u>2,851,896</u>

Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balance - governmental funds - Exhibit D.

\$ 481,517,233

See Note to Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION
CITY EMPLOYEES'-RETIREMENT PLAN
June 30, 2010

Schedule of Funding Progress

Fiscal Year-End	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
6/30/05	\$182,582,100	\$288,616,500	\$106,034,400	63.3%	\$ 48,792,000	217.3%
6/30/06	184,242,200	299,754,000	115,511,800	61.5%	50,217,000	230.0%
6/30/07	188,229,400	315,802,400	127,573,000	59.6%	52,217,000	244.3%
6/30/08	198,695,200	327,906,400	129,211,200	60.6%	55,510,000	232.8%
6/30/09	208,351,800	344,861,000	136,509,700	60.4%	57,368,000	238.0%
6/30/10	201,039,400	357,226,500	156,187,100	56.3%	55,394,700	282.0%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Actual Contribution
2005	\$ 7,407,549	100%	\$ 7,407,549
2006	9,254,000	100%	9,254,000
2007	9,522,000	100%	9,522,000
2008	10,396,025	100%	10,396,025
2009	10,938,000	100%	10,938,000
2010	11,501,900	100%	11,501,900

REQUIRED SUPPLEMENTARY INFORMATION
POLICE AND FIREMEN-RETIREMENT PLAN
June 30, 2010

Schedule of Funding Progress

Fiscal Year-End	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
6/30/05	\$266,358,100	\$406,432,500	\$140,074,400	65.5%	\$ 81,385,000	272.6%
6/30/06	262,584,200	423,997,500	161,413,300	61.9%	53,854,000	299.7%
6/30/07	267,476,700	450,434,000	182,957,300	59.4%	52,998,500	345.2%
6/30/08	285,490,700	470,931,700	185,441,000	60.6%	55,602,000	333.5%
6/30/09	301,004,223	512,853,088	211,848,865	58.7%	58,017,427	365.1%
6/30/10	297,398,600	534,902,000	237,503,400	55.6%	54,570,400	435.2%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Actual Contribution
2005	\$ 11,028,000	100%	\$ 11,028,000
2006	12,871,000	100%	12,871,000
2007	13,481,000	100%	13,481,000
2008	15,000,000	100%	15,000,000
2009	16,687,000	100%	16,687,000
2010	17,811,000	100%	17,811,000

REQUIRED SUPPLEMENTARY INFORMATION
 OPEB PLAN
 June 30, 2010

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
6/30/08	\$ -	\$430,522,000	\$430,522,000	0.0%	\$272,235,306	158.1%
6/30/09	\$ -	\$413,995,000	\$413,995,000	0.0%	\$297,848,396	139.0%

Schedule of Employer Contributions

Year Ended June 30,	Annual		
	Required Contribution	Percentage Contributed	Actual Contribution
2008	\$ 42,126,000	34.1%	\$ 14,350,000
2009	42,126,000	44.9%	18,931,531
2010	42,126,000	47.1%	19,835,300

CITY OF NEW HAVEN, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2010

Budgetary Information

General Fund

The Statement of Revenues and Expenditures, and Changes in Fund Balance - Budgetary Basis - Budget to Actual presented in the financial statements for the General Fund is on the budgetary basis of accounting, which is a basis of accounting other than the accrual basis and the modified basis of accounting. The budgetary basis of accounting and the City's general budget policies are as follows:

- A. The budget is developed by the Mayor, and adopted by the Board of Aldermen on or before the first Monday in June. If the Board of Aldermen fails to act upon the recommended budget by the first Monday in June, the recommendations of the Mayor shall be the legal budget of the City. The Mayor may, within ten days subsequent to adoption of the budget, veto specific line items. Any veto by the Mayor may be overridden by a two-thirds vote of the Board of Aldermen.
- B. Concurrent with its submission to the Board of Aldermen, the budget is to be filed with the City Clerk. Within four business days after its filing, the clerk shall publish in a newspaper of general circulation in the City the proposed budget. The Board of Aldermen budget committee(s) shall hold at least two public hearings thereon. The first hearing shall be no later than 15 calendar days after the publication of the budget and another hearing shall be held at least 7 calendar days before the first reading by the Board of Aldermen.
- C. The Board of Aldermen can approve additional appropriations on the recommendation of the Mayor. However, the Board of Aldermen shall not reduce any item proposed by the Mayor for the payment of interest or principal of the municipal debt.
- D. The total amount of the annual appropriations for any year shall not exceed the estimated income for that year.
- E. Formal budgetary integration is employed as a management control device during the year.
- F. Except for the use of encumbrance accounting and the classification of certain revenues and expenditures, budgets are adopted on a modified accrual basis of accounting.
- G. Budgeted amounts reported in the financial statements have been revised to include Board of Aldermen revisions that were approved during the 2008-2009 fiscal year. Budgetary comparison schedules are presented in the supplemental section as Required Supplemental Information.
- H. In general, all unobligated appropriations lapse at year end.
- I. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order was issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year whereas they are shown as a reservation of fund balance on a GAAP basis of accounting.

CITY OF NEW HAVEN, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, Continued June 30, 2010

Classifications of certain revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for budgetary purposes.

Special Revenue Funds

The City does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets carryover until completion of the grants and, therefore, may comprise more than one fiscal year.

Capital Projects Funds

Legal authorization for expenditures of the Capital Projects Funds is provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut State statutes. Capital appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned.

**Supplemental and Combining Non-major
Fund Statements and Schedules**

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 206,165,103	\$ 206,165,103	\$ 206,824,921	\$ 659,818
Education grants	154,638,921	154,638,921	154,447,813	(191,108)
Other governmental grants	57,221,032	57,221,032	52,359,266	(4,861,766)
Licenses, permits and other	14,047,500	14,047,500	18,844,871	4,797,371
Investment income	1,500,000	1,500,000	120,213	(1,379,787)
Received from fines	6,075,000	6,075,000	5,077,231	(997,769)
Payments in lieu of taxes (PILOT)	8,260,708	8,260,708	5,364,603	(2,896,105)
Other taxes and assessments	4,197,937	4,197,937	4,025,552	(172,385)
Miscellaneous	11,894,557	11,894,557	12,514,795	620,238
Total revenues	464,000,758	464,000,758	459,579,265	(4,421,493)
EXPENDITURES				
General government	27,023,994	27,023,994	25,646,932	1,377,062
Public safety	70,670,676	70,670,676	70,769,960	(99,284)
Public works	19,006,683	19,006,683	16,625,665	2,381,018
Public service	6,891,090	6,891,090	6,854,148	36,942
Cultural and Recreation	8,832,748	8,832,748	8,700,514	132,234
Employee benefits	95,686,490	95,686,490	97,698,274	(2,011,784)
Education	173,719,297	173,719,297	173,565,050	154,247
Debt service	62,169,780	62,169,780	59,566,794	2,602,986
Total expenditures	464,000,758	464,000,758	459,427,337	4,573,421
Revenue over (under) expenditures	\$ -	\$ -	\$ 151,928	\$ (151,928)

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Nonmajor Governmental Funds

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CITY OF NEW HAVEN, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue Funds			
	Community Development	Improvement	Human Resources	Redevelopment Agency
ASSETS				
Cash and cash equivalents	\$ 8,032,102	\$ 3,568,725	\$ 2,108,130	\$ 608,855
Investments	659,886	-	-	-
Receivables, net	103,488	1	156,846	2,426
Receivables from other governments	1,658,250	797	1,942,533	-
Total assets	\$ 10,453,726	\$ 3,569,523	\$ 4,207,509	\$ 611,281
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	\$ 1,931,183	\$ 369,825	\$ 2,070,097	\$ -
Accrued liabilities	100,877	1,440	123,314	-
Retainage payable	616,269	24,421	-	-
Due to other funds	2,132,253	337,151	2,714,052	4,443
Due to other governments	583,494	-	-	-
Unearned revenue	-	19,785	-	-
Deferred revenue	378,780	185,459	72	-
Other liabilities	297,116	-	-	9,744
Total liabilities	6,039,972	938,081	4,907,535	14,187
FUND BALANCES (DEFICITS)				
Reserved for:				
Encumbrances	6,698,606	8,929,330	4,479,888	-
Unreserved	(2,284,852)	(6,297,888)	(5,179,914)	597,094
Total fund balances (deficits)	4,413,754	2,631,442	(700,026)	597,094
Total liabilities and fund balances (deficits)	\$ 10,453,726	\$ 3,569,523	\$ 4,207,509	\$ 611,281

SCHEDULE 7

<u>Special Revenue Funds</u>				Total Non-major Governmental Funds (See Exhibit C)
<u>Other</u>	<u>Other ETF</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	
\$ 3,693,703	\$ 1,367,746	\$ -	\$ 952,486	\$ 20,331,747
-	1,526,539	-	1,976,785	4,163,210
196,990	49,031	-	-	508,782
174,570	-	-	-	3,776,150
<u>\$ 4,065,263</u>	<u>\$ 2,943,316</u>	<u>\$ -</u>	<u>\$ 2,929,271</u>	<u>\$ 28,779,889</u>
\$ 180,729	\$ -	\$ -	\$ -	\$ 4,551,834
127,944	-	-	-	353,575
-	-	-	-	640,690
1,113,959	54,079	-	-	6,355,937
-	-	-	-	583,494
-	-	-	-	19,785
168,223	-	-	-	732,534
286,336	1,678,760	-	392,398	2,664,354
<u>1,877,191</u>	<u>1,732,839</u>	<u>-</u>	<u>392,398</u>	<u>15,902,203</u>
895,936	-	-	-	21,003,760
1,292,136	1,210,477	-	2,536,873	(8,126,074)
<u>2,188,072</u>	<u>1,210,477</u>	<u>-</u>	<u>2,536,873</u>	<u>12,877,686</u>
<u>\$ 4,065,263</u>	<u>\$ 2,943,316</u>	<u>\$ -</u>	<u>\$ 2,929,271</u>	<u>\$ 28,779,889</u>

CITY OF NEW HAVEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	Special Revenue Funds			
	Community Development	Improvement	Human Resources	Redevelopment Agency
REVENUES				
Intergovernmental	\$ 9,629,655	\$ 3,993,095	\$ 12,336,191	\$ -
Investment earnings	59,807	2	43	46
Charges for services	2,619,069	-	297,882	-
Other contributions	848,995	42,839	1,175,049	576,156
Total revenues	13,157,526	4,035,936	13,809,165	576,202
EXPENDITURES				
Current:				
General government	-	-	-	-
Public works	-	3,424,027	-	-
Public services	13,488,711	-	13,910,261	-
Debt service:				
Principal	403,762	-	-	-
Interest	114,149	-	-	-
Total expenditures	14,006,622	3,424,027	13,910,261	-
Excess (deficiency) of revenues over expenditures	(849,096)	611,909	(101,096)	576,202
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	500,000	-
Total other financing sources (uses)	-	-	500,000	-
Net change in fund balances	(849,096)	611,909	398,904	576,202
FUND BALANCES, beginning	5,262,850	2,019,533	(1,098,930)	20,892
FUND BALANCES, ending	\$ 4,413,754	\$ 2,631,442	\$ (700,026)	\$ 597,094

SCHEDULE 8

<u>Special Revenue Funds</u>				Total Non-major Governmental Funds (See Exhibit D)
<u>Other</u>	<u>Other ETF</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	
\$ 3,454,018	\$ -	\$ -	\$ -	\$ 29,412,959
4,080	8,385	-	-	72,363
1,894,498	-	-	-	4,811,449
1,058,370	117,506	-	89,348	3,908,263
<u>6,410,966</u>	<u>125,891</u>	<u>-</u>	<u>89,348</u>	<u>38,205,034</u>
6,581,521	-	-	-	6,581,521
-	-	-	-	3,424,027
-	-	-	-	27,398,972
-	-	1,780,001	-	2,183,763
-	-	602,735	-	716,884
<u>6,581,521</u>	<u>-</u>	<u>2,382,736</u>	<u>-</u>	<u>40,305,167</u>
<u>(170,555)</u>	<u>125,891</u>	<u>(2,382,736)</u>	<u>89,348</u>	<u>(2,100,133)</u>
263,389	-	1,356,241	-	2,119,630
<u>263,389</u>	<u>-</u>	<u>1,356,241</u>	<u>-</u>	<u>2,119,630</u>
92,834	125,891	(1,026,495)	89,348	19,497
<u>2,095,238</u>	<u>1,084,586</u>	<u>1,026,495</u>	<u>2,447,525</u>	<u>12,858,189</u>
<u>\$ 2,188,072</u>	<u>\$ 1,210,477</u>	<u>\$ -</u>	<u>\$ 2,536,873</u>	<u>\$ 12,877,686</u>

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Internal Service Funds

COMBINING STATEMENT OF NET ASSETS (DEFICITS)
INTERNAL SERVICE FUNDS
June 30, 2010

	Self-Insurance Reserve	Medical Self-Insurance	Worker's Compensation	Total (See Exhibit F)
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 3,322,963	\$ 374,041	\$ 110,019	\$ 3,807,023
Receivables, net	-	1,646,074	120,715	1,766,789
Due from other funds	-	4,472,696	-	4,472,696
Total current assets	3,322,963	6,492,811	230,734	10,046,508
LIABILITIES				
Current Liabilities:				
Accounts payable	30,697	117,645	-	148,342
Due to other funds	6,691,193	-	196,162	6,887,355
Accrued estimated healthcare claims	-	5,447,260	-	5,447,260
Claims and judgments	320,000	-	-	320,000
Other liabilities	7,665	916,302	-	923,967
Total current liabilities	7,049,555	6,481,207	196,162	13,726,924
Noncurrent Liabilities:				
Claims and judgments	8,438,275	-	-	8,438,275
Advances from other funds	4,000,000	-	-	4,000,000
	12,438,275	-	-	12,438,275
Total liabilities	19,487,830	6,481,207	196,162	26,165,199
NET ASSETS (DEFICITS)				
Unrestricted	(16,164,867)	11,604	34,572	(16,118,691)
Total net assets (deficits)	\$ (16,164,867)	\$ 11,604	\$ 34,572	\$ (16,118,691)

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICITS)
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2010**

	Self-Insurance Reserve	Medical Self-Insurance	Worker's Compensation	Total (See Exhibit G)
OPERATING REVENUES				
Employer's contribution	\$ 2,900,000	\$ 43,471,735	\$ -	\$ 46,371,735
Charges for services	-	13,249,442	-	13,249,442
Miscellaneous	5,962	3,199,681	3,792,195	6,997,838
Total operating revenues	2,905,962	59,920,858	3,792,195	66,619,015
OPERATING EXPENSES				
Insurance claims and expenses	1,139,135	59,923,428	-	61,062,563
Total operating expenses	1,139,135	59,923,428	-	61,062,563
Operating income (loss)	1,766,827	(2,570)	3,792,195	5,556,452
NONOPERATING REVENUES				
Investment earnings	1	-	-	1
Change in net assets	1,766,828	(2,570)	3,792,195	5,556,453
NET ASSETS (DEFICITS), beginning	(17,931,695)	14,174	(3,757,623)	(21,675,144)
NET ASSETS (DEFICITS), ending	\$ (16,164,867)	\$ 11,604	\$ 34,572	\$ (16,118,691)

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2010**

	Self-Insurance Reserve	Medical Self-Insurance	Worker's Compensation	Total (See Exhibit H)
CASH FLOWS FROM OPERATING ACTIVITIES				
City's contribution	\$ 2,900,000	\$ 43,471,735	\$ -	\$ 46,371,735
Cash received from users (including other funds)	-	13,755,097	-	13,755,097
Internal activity - payments from (to) other funds	-	(643,490)	(3,193,555)	(3,837,045)
Claims and other expenses paid	(1,489,444)	(59,798,056)	-	(61,287,500)
Other receipts	5,962	3,199,681	3,121,130	6,326,773
Net cash provided by (used in) operating activities	1,416,518	(15,033)	(72,425)	1,329,060
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	1	-	-	1
Net cash provided by investing activities	1	-	-	1
Net increase (decrease) in cash and cash equivalents	1,416,519	(15,033)	(72,425)	1,329,061
CASH AND CASH EQUIVALENTS				
Beginning of year	1,906,444	389,074	182,444	2,477,962
End of year	<u>\$ 3,322,963</u>	<u>\$ 374,041</u>	<u>\$ 110,019</u>	<u>\$ 3,807,023</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	\$ 1,766,827	\$ (2,570)	\$ 3,792,195	\$ 5,556,452
Change in Assets and Liabilities:				
(Increase) decrease in receivables, net	-	505,655	(103,870)	401,785
Increase (decrease) in accrued estimated healthcare payments	-	(803,007)	-	(803,007)
Increase (decrease) in claims and judgments	(424,513)	-	-	(424,513)
Increase (decrease) in accounts payable and other	(20,088)	928,379	(567,195)	341,096
Increase (decrease) in due to other funds and advances	94,292	(643,490)	(3,193,555)	(3,742,753)
Net cash provided by (used in) operating activities	\$ 1,416,518	\$ (15,033)	\$ (72,425)	\$ 1,329,060

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Fiduciary Funds

COMBINING STATEMENT OF TRUST FUND NET ASSETS
FIDUCIARY FUNDS
June 30, 2010

	City Employees' Retirement Fund	Policemen's and Firemen's Retirement Fund	Other Retirement Fund	Post-Employment Benefit Plan Fund	Combined Trust Funds (See Exhibit I)
ASSETS					
Cash and short-term investments	\$ 6,263,076	\$ 8,605,676	\$ 1,330,069	\$ 175,000	\$ 16,373,821
Interest and dividends receivable	278,650	817,940	270	-	1,096,860
Accounts receivable	2,025,291	1,577,021	164	-	3,602,476
Secured lending transactions	-	36,888,135	-	-	36,888,135
Due from other funds	-	-	-	50,000	50,000
	<u>8,567,017</u>	<u>47,888,772</u>	<u>1,330,503</u>	<u>225,000</u>	<u>58,011,292</u>
INVESTMENTS					
Government agency	2,162,199	2,298,906	-	-	4,461,105
Government bonds	4,312,984	13,090,108	-	-	17,403,092
Municipal bonds	353,835	724,518	-	-	1,078,353
Government mortgages	359,988	6,558,426	-	-	6,918,414
Common stock	76,334,598	102,310,529	60,938	-	178,706,065
Sub-custodian investment equities	-	30,226,539	-	-	30,226,539
Commercial backed mortgages	-	2,772,672	-	-	2,772,672
Corporate bonds	9,114,535	24,916,919	-	-	34,031,454
Commingled funds	20,708,916	-	-	-	20,708,916
Corporate convertible bond	-	1,385,297	-	-	1,385,297
Hedge Equity	-	4,306,760	-	-	4,306,760
Managed Futures	11,127,430	-	-	-	11,127,430
Asset-backed securities	45,558	8,361,429	-	-	8,406,987
Venture capital partnerships	15,679,652	33,996,229	-	-	49,675,881
Commodity - ETF	1,565,783	-	-	-	1,565,783
Non-governmental backed bonds	-	330,219	-	-	330,219
Core U.S. dollar sub fund	5,352	11,934	-	-	17,286
Total investments	<u>141,770,830</u>	<u>231,290,485</u>	<u>60,938</u>	<u>-</u>	<u>373,122,253</u>
Total assets	<u>150,337,847</u>	<u>279,179,257</u>	<u>1,391,441</u>	<u>225,000</u>	<u>431,133,545</u>
LIABILITIES					
Accounts payable	2,324,066	854,528	-	-	3,178,594
Accrued liabilities	249,325	134,395	-	-	383,720
Secured lending transactions	-	36,888,135	-	-	36,888,135
Total liabilities	<u>2,573,391</u>	<u>37,877,058</u>	<u>-</u>	<u>-</u>	<u>40,450,449</u>
NET ASSETS					
Held in Trust for Pension Benefits	<u>\$ 147,764,456</u>	<u>\$ 241,302,199</u>	<u>\$ 1,391,441</u>	<u>\$ 225,000</u>	<u>\$ 390,683,096</u>

COMBINING STATEMENT OF CHANGES IN TRUST FUND NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	City Employees' Retirement Fund	Policemen's and Firemen's Retirement Fund	Other Retirement Fund	Post-Employment Benefit Plan Fund	Combined Trust Funds (See Exhibit J)
ADDITIONS					
Contributions:					
Employer contributions	\$ 11,501,906	\$ 17,811,000	\$ -	\$ 19,835,300	\$ 49,148,206
Plan members	3,607,839	6,576,802	-	3,619,648	13,804,289
Plan members' buybacks	15,723	-	-	-	15,723
Total contributions	15,125,468	24,387,802	-	23,454,948	62,968,218
Investment Earnings:					
Net appreciation in fair value of investments	12,419,171	20,040,396	3,867	-	32,463,434
Interest	3,083,639	4,181,680	2,404	-	7,267,723
Dividends	974,220	2,818,715	2,383	-	3,795,318
Total investment income	16,477,030	27,040,791	8,654	-	43,526,475
Less Investment Expense:					
Investment management fees	1,043,392	1,396,950	-	-	2,440,342
Legal fees	52,241	32,291	-	-	84,532
Interest expense	-	189,027	-	-	189,027
Net investment earnings	15,381,397	25,422,523	8,654	-	40,812,574
Total additions	30,506,865	49,810,325	8,654	23,454,948	103,780,792
DEDUCTIONS					
Benefits	24,698,774	33,200,184	41,431	23,404,948	81,345,337
Total deductions	24,698,774	33,200,184	41,431	23,404,948	81,345,337
Net increase (decrease)	5,808,091	16,610,141	(32,777)	50,000	22,435,455
NET ASSETS, beginning of year	141,956,365	224,692,058	1,424,218	175,000	368,247,641
NET ASSETS, end of year	\$147,764,456	\$241,302,199	\$ 1,391,441	\$ 225,000	\$ 390,683,096

Other Schedules

SCHEDULE OF DEBT LIMITATION
For the Year Ended June 30, 2010

Total tax collections (including interest and lien fees) received for the year ended June 30, 2010	\$ 205,800,055
Reimbursement for revenue loss from: Elderly tax relief	<u>18,295</u>
BASE	<u><u>\$ 205,818,350</u></u>

	General Purpose	Schools	Sewer	Urban Renewal	Pension Bonding	Total
Debt Limitation						
2-1/4 times base	\$ 463,091,288	-	-	-	-	463,091,288
4-1/2 times base	-	926,182,575	-	-	-	926,182,575
3-3/4 times base	-	-	771,818,813	-	-	771,818,813
3-1/4 times base	-	-	-	668,909,638	-	668,909,638
3 times base	-	-	-	-	617,455,050	617,455,050
Total debt limitation	<u>463,091,288</u>	<u>926,182,575</u>	<u>771,818,813</u>	<u>668,909,638</u>	<u>617,455,050</u>	<u>2,984,366,075</u>
Indebtedness						
Bonds payable	174,892,935	323,717,928	-	12,676,905	-	511,287,768
Grant anticipation note	-	65,518,560	-	-	-	65,518,560
School grants receivable	-	(46,605,749)	-	-	-	(46,605,749)
Bonds authorized and unissued	-	214,400,636	-	-	-	214,400,636
Total indebtedness of the City	<u>174,892,935</u>	<u>557,031,375</u>	<u>-</u>	<u>12,676,905</u>	<u>-</u>	<u>744,601,215</u>
Component Unit Indebtedness						
New Haven Parking Authority	15,165,000	-	-	-	-	15,165,000
New Haven Solid Waste Authority	10,500,000	-	-	-	-	10,500,000
Total indebtedness	<u>200,557,935</u>	<u>557,031,375</u>	<u>-</u>	<u>12,676,905</u>	<u>-</u>	<u>770,266,215</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 262,533,353</u></u>	<u><u>\$ 369,151,200</u></u>	<u><u>\$ 771,818,813</u></u>	<u><u>\$ 656,232,733</u></u>	<u><u>\$ 617,455,050</u></u>	<u><u>\$ 2,677,191,148</u></u>

Total indebtedness amounts to \$744,601,215, but in no event shall total indebtedness exceed \$1,440,728,000 (seven times the base for debt limitation).

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
For the Year Ended June 30, 2010

Grand List	Uncollected Taxes July 1, 2009	Current Levy	Lawful Corrections		Transfers to Suspense	Net Amount Collectible
			Additions	Deductions		
1993	\$ 122,905	\$ -	\$ -	\$ 122,905	\$ -	\$ -
1994	122,678	-	-	122,678	-	-
1995	127,421	-	-	61,092	-	66,329
1996	137,393	-	-	55,028	-	82,365
1997	113,458	-	-	41,742	-	71,716
1998	102,637	-	-	31,083	-	71,554
1999	99,547	-	-	28,476	-	71,071
2000	100,917	-	-	26,132	-	74,785
2001	122,707	-	-	23,191	-	99,516
2002	142,313	-	-	24,652	-	117,661
2003	140,440	-	-	27,330	-	113,110
2004	176,885	-	-	33,481	-	143,404
2005	300,424	-	-	33,219	-	267,205
2006	1,538,058	-	-	110,690	810,276	617,092
2007	4,591,530	-	414,282	-	631,277	4,374,535
Prior Years' Total	7,939,313	-	414,282	741,699	1,441,553	6,170,343
2008	208,249,899	-	-	2,183,711	-	206,066,188
	<u>\$ 216,189,212</u>	<u>\$ -</u>	<u>\$ 414,282</u>	<u>\$ 2,925,410</u>	<u>\$ 1,441,553</u>	<u>\$ 212,236,531</u>

SCHEDULE 15

Collections				Uncollected Taxes
Taxes	Interest	Lien Fees	Total	June 30, 2010
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	66,329
-	-	-	-	82,365
-	-	-	-	71,716
-	-	-	-	71,554
-	-	-	-	71,071
2,541	2,371	-	4,912	72,244
3,896	5,193	-	9,089	95,620
4,184	4,935	-	9,119	113,477
4,423	4,672	-	9,095	108,687
14,485	8,195	-	22,680	128,919
38,818	23,800	-	62,618	228,387
294,021	101,274	-	395,295	323,071
2,686,027	374,198	-	3,060,225	1,688,508
3,048,395	524,638	-	3,573,033	3,121,948
201,314,351	912,671	-	202,227,022	4,751,837
<u>\$ 204,362,746</u>	<u>\$ 1,437,309</u>	<u>\$ -</u>	<u>\$ 205,800,055</u>	<u>\$ 7,873,785</u>

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