

CITY OF NEW HAVEN, CONNECTICUT
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

CITY OF NEW HAVEN, CONNECTICUT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

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LEVITSKY & BERNEY

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
100 BRADLEY ROAD • WOODBRIDGE, CONNECTICUT 06525-2394
203 389-5371 • FAX 203 389-4430

INDEPENDENT AUDITOR'S REPORT

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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Haven, Connecticut, as of and for the year ended June 30, 2007, 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 and the New Haven Coliseum Authority, component units of the City, which represent 3.92 percent, 4.84 percent, and 2.76 percent, respectively, of the assets, net assets, and revenues of the City of New Haven, Connecticut. 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 and the New Haven Coliseum Authority is based on the report of the other auditors.

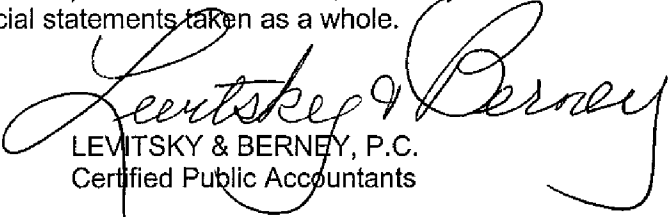
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the New Haven Parking Authority were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

In our opinion, based on our audit and the reports 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, 2007, and the respective changes in financial position and, cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2007, on our consideration of the City of New Haven, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3a through 3i is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors 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 of New Haven, Connecticut's basic financial statements. The combining and individual non-major fund statements and schedules, and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


LEVITSKY & BERNEY, P.C.
Certified Public Accountants

December 27, 2007



CITY OF NEW HAVEN
DEPARTMENT OF FINANCE



John DeStefano Jr.
Mayor

Mark Pietrosimone
City Controller

200 ORANGE STREET
NEW HAVEN, CONNECTICUT 06510
Tel. (203) 946-8300 - Fax. (203) 946-7244

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of New Haven, 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, 2007. 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 service 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 Water Pollution Control Authority, Golf Course Enterprise Fund, Skating Rink Enterprise Fund, Radio Tower Enterprise Fund and the Transfer Station 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 Water pollution Control Authority, Golf Course, Skating Rink, Golf Course 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.

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 later in the schedules of audited financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City of New Haven's combined net assets increased from a year ago by about \$106.6 million to \$551,338,114, but the total assets exceed total liabilities at the close of the most recent fiscal year by \$551 million. 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.

Table 1
Net Assets

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	206	2007	2006
Current And Other Assets	185,387,731	200,891,960	2,019,761	1,850,243	187,407,492	202,742,203
Capital Assets	1,085,151,799	984,228,743	2,045,833	2,137,835	1,087,197,632	986,366,578
Total Assets	1,270,539,530	1,185,120,703	4,065,594	3,988,078	1,274,605,124	1,189,108,781
Other Liabilities	142,500,435	163,642,828	229,745	368,711	142,730,180	164,011,539
Long-term debt outstanding	580,536,830	580,353,397	-	-	580,536,830	580,353,397
Total Liabilities	723,037,265	743,996,225	229,745	368,711	723,267,010	744,364,936
Net Assets:						
Invested in capital assets (net of	590,164,856	475,295,189	2,045,833	2,137,835	592,210,689	477,433,024
Restricted	27,821,177	34,516,475	-	-	27,821,177	34,516,475
Unrestricted	(70,483,768)	(68,687,186)	1,790,016	1,481,532	(68,693,752)	(67,205,654)
Total net Assets	547,502,265	441,124,478	3,835,849	3,619,367	551,338,114	444,743,845

As of the close of the current fiscal year the City of New Haven's governmental funds reported combined total net assets of \$547,502,265 million, an increase of \$106 million in comparison with the prior year.

The change in governmental net assets is illustrated in the table on the following page:

Table 2
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
	Revenues:					
Program Revenues:						
Charges for services	69,016,817	54,068,180	1,699,893	4,494,496	70,716,710	58,562,676
Operating Grants and Contributions	230,990,261	233,395,097	-	-	230,990,261	233,395,097
Capital Grants and Contributions	123,116,731	71,712,343	-	629,191	123,116,731	72,341,534
General Revenues:						
Property Taxes	179,455,921	170,130,655	-	-	179,455,921	170,130,655
Grants and Contributions not restricted to specific purposes	58,812,019	51,943,898	-	-	58,812,019	51,943,898
One Time Payments	-	-	-	-	-	-
Investment Earnings	4,925,231	3,642,522	6,432	46,204	4,931,663	3,688,726
Prior Period Adjustment	-	-	-	-	-	-
Transfers	110,000	27,242,000	(110,000)	(27,242,000)	-	-
Total Revenues	666,426,980	612,134,695	1,596,325	(22,072,109)	668,023,305	590,062,586
Expenses:						
Program Expense:						
General Government	32,110,858	37,857,972	-	-	32,110,858	37,857,972
Education	267,469,133	256,839,100	-	-	267,469,133	256,839,100
Public Safety	64,576,785	60,927,432	-	-	64,576,785	60,927,432
Public Works	25,542,135	24,219,150	-	-	25,542,135	24,219,150
Public Services	35,211,562	35,216,619	-	-	35,211,562	35,216,619
Employee Benefits and Insurance	82,174,588	73,886,275	-	-	82,174,588	73,886,275
Development	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Culture and Recreation	9,273,135	8,465,545	-	-	9,273,135	8,465,545
Other	23,549,651	24,432,970	-	-	23,549,651	24,432,970
Interest on long-term Debt	20,141,346	19,686,081	-	-	20,141,346	19,686,081
Loss on Sale of WPCA Assets	-	-	-	63,729,855	-	63,729,855
WPCA	-	-	-	2,427,169	-	2,427,169
Other	-	-	1,379,843	1,541,293	1,379,843	1,541,293
Total Expenses	560,049,193	541,531,144	1,379,843	67,698,317	561,429,036	609,229,461
Increase in Net Assets	106,377,787	70,603,551	216,482	(89,770,426)	106,594,269	(19,166,875)
Net Assets 6/30/06	441,124,478	370,520,927	3,619,367	93,389,793	444,743,845	463,910,720
Net Assets 6/30/07	547,502,265	441,124,478	3,835,849	3,619,367	551,338,114	444,743,845

Financial Highlights

- The City finished the FY 07 General Fund budget (primary operating fund) with an operating surplus of \$1,698,873.
- The City revised its FY 07 budget through the submission of the January 2007 Monthly Report, which was approved by the Board of Aldermen on June 4, 2007.
- The budget was amended from \$415,696,905 to \$420,465,634.
- The City continued to improve on its Tax Collection Rate from 98.50% in FY 06 to 98.61% in FY 07.
- The City's mill rate increased to 44.85 (per thousand) in FY07 as compared to a FY06 mill rate of 42.53 (per thousand).
- The City's FY07, total gross taxable grand list increased to \$4,192,456,244 as compared to FY 06 total gross taxable grand list of \$4,172,791,142.

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 Fund Balance for FY 07 is \$14,772,550, which reflects a 13.04% 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 higher ratings translate into lower interest costs on capital borrowings. The City sold \$39.5 million in general obligation bonds in February 07. To do so, the City's current financial health was reviewed by several rating agencies.

The ratings are as follows:

Moody's Investment Services	A3 rating, issued and maintained since 1999
Standard and Poor's	A- rating, issued and maintained since 2001
Fitch Investors Services	A- rating, issued and maintained since 2001

Ratings issued in February 2007.

The rating agencies have attributed their maintaining of these ratings to the City's strong financial management, property tax collection rates, strong cost cutting procedures, stable economic base that is bolstered by higher education, health care, pharmaceuticals and a growing biotechnology industry. However, each rating agency does show concern over the City's reliance on State Aid, below average wealth and income indicators, non-growth of the City's tax base and high debt burden.

In November 2006, the City refinanced \$69,750,000 in bonds maturing in the years 2014 through 2021. Based on that sale, the interest rates and prices obtained, the City will achieve a net present value debt services savings of \$2,021,635.56 on an aggregate principal amount of \$70,130,000 of previously issued General Obligation Bonds of the City, or 2.8829%.

The City's bonds outstanding, as of June 30, 2007 totaled \$503,307,879 compared to June 30, 2006 total of \$490,896,510.

Bonds outstanding at year end	
June 30, 2005	\$525,278,746
June 30, 2004	\$500,848,442
June 30, 2003	\$428,682,276

The City retired \$40,728,447 in principal in FY 2007.

The City's current debt service requirements attribute 57% of its costs to the City's Board of Education (includes both School construction and non school construction capital cost) and 43% of its cost to other City capital expenses

FY 07 General Fund Budget

The Board of Aldermen originally approved the FY 07 City General Fund Budget on May 22, 2006 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. The City revised its FY 07 budget and received approval from the Board of Aldermen on June 4, 2007.

About 39% of the total budget is for the Board of Education. Of the City's entire \$420,465,634 general funded budget, \$166,071,530 is budgeted for the Board of Education and \$254,394,104 is non-Education related.

Beginning with the submission of the January 2007 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, 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. Sustain property tax collections program, initiation of a personal property tax audit program, increase the parking tag collection program and the sale of certain City assets.

Expenditure over runs was mostly expected in Police Overtime (approx. \$1.8 million), Fire Overtime (\$1.5 million), Public Works (\$1.7 million), Workers Compensation (\$1 million) and Education (\$1million).

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 a negative fund balance of \$14,147,680. Of which, \$4.3 million is attributed to case reserves. Approximately \$9.8 million represents an under-funded liability for the City. The total negative fund balance is slightly higher than the previous year total which was reported as \$13,042,287.

Recognizing the need for additional financial resources into this account, the City increased its annual Public Liability appropriation from \$1.7 million in 2005 to \$2.5 million in 2006 and \$2.5 million in FY 2007, with longer term plans for subsequent years' appropriations to be budgeted at similar appropriation amounts as FY 06 and 07 or higher.

In addition, in order to further control or limit its liability, the City has initiated many risk related training programs over the last nine years for its' employees in the areas of Defensive Driver training, confined space, blood borne pathogen, lock out/tag out, hazardous communication, electricity, machine guarding, bucket trucks, truck and street sweeping and other training programs meeting general industry and construction standards. The City has also developed a collaborative relationship with the State's OSHA, by jointly developing safety programs and taking a proactive approach for the safety of its employees. The City also participates in the State and Federal sponsored training exercises for Homeland Security.

Since 1998, the City has purchased insurance for property loss and public officials' liability (including commercial excess insurance when applicable). This will prevent significant exposure for the City resulting from a catastrophic event or accident.

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 deficit of \$43,215 for the year ending June 30, 2007. There was a 17% increase in total expenditures from \$64,230,292 spent in FY 06 to \$66,195,383 spent in FY 2007. Besides inflationary factors, the increase in cost is mainly due to an in 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, however, cost/benefit analysis have not yet demonstrated a benefit to the City. The City has been able to obtain this insurance for FY 2008, with a stop gap limit of \$1 million.

Worker's Compensation:

The Worker's Compensation account shows a deficit of \$2,477,663. Most of this deficit belongs to one claim, which the City's Office of the Corporation Counsel has initiated subrogation to recoup these costs for the City. FY07 expenses for this claim were \$391,319. The City also purchases excess "stop loss" workers compensation insurance to limit its liability.

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. This plan initiated a review 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. This review completed the reconciling of expenditures and revenue in all, previously authorized capital authorizations.

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. The City Employees Retirement Fund's (CERF) market value of plan assets has grown from \$84,075,100 (as of 6-30-92) to \$213,921,876 (as of November 30, 2007). The Police & Fire Retirement Fund (P&F) market value of plan assets has grown from \$115,987,200 (as of 6-30-92) to \$318,401,155 (as of September 30, 2007). Per actuarial evaluation.

The FY 07 budgeted pension appropriation for the CERF was \$ 9,522,000, the FY 07 budgeted Police and Fire appropriation was \$13,481,000.

There are 1,038 retirees and beneficiaries receiving benefits from CERF with 1,173 active plan members. There are 1,051 retirees and beneficiaries receiving benefits from P & F with 759 active plan members.

The funded ratio's, which is defined to be the percentage that is obtained when the plan assets are divided by the total accrued liability of the plan, are for CERF 64.3% in 2007 and for P&F 65.5% in 2007.

Tax Collections

Current Taxes

The City's tax collection rate for FY 07 has increased to 98.61% compared to last year's rate of 98.50%. This marks the highest collection rate in over twenty years and continues the trend of annual increases to twelve consecutive years.

Individually, real estate collections were \$143,956,011, personal property collections were \$18,620,272, Motor Vehicle collections were \$12,064,542 and supplemental motor vehicle collections were \$2,212,077

Delinquent Taxes

The City still contracts with various vendors and attorneys for the collection of delinquent motor vehicle and personal property taxes. In addition, the delinquent motor vehicle tax program includes the towing of vehicles to enforce the collection of taxes.

The City's uncollected portion of the tax levy continues to drop as a result of the increased tax collection rate. In FY 07, the uncollected portion of delinquent taxes was \$2,296,502. The City had collected 36.29% of the total delinquency.

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 Sergio Rodriquez 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.

Mark Pietrosimone,
Controller.

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS
 JUNE 30, 2007

ASSETS	PRIMARY GOVERNMENT		
	Governmental Activities	Business- Type Activities	Total
Cash and Cash Equivalents	\$ 88,999,587	1,661,388	90,660,975
Investments	7,161,830		7,161,830
Receivables (Net of Allowance For Uncollectibles)	84,851,414	358,373	85,209,787
Inventories	150,041		150,041
Prepaid Expenses	4,224,859		4,224,859
Deferred Charges			-
Restricted Assets:			
Temporarily Restricted:			
Cash and Cash Equivalents			-
Capital Assets (Net of Accumulated Depreciation):			
Land	44,140,306		44,140,306
Building and System, Including Improvements	634,370,832	2,045,833	636,416,665
Improvements Other Than Buildings	596,330		596,330
Vehicles, Machinery and Equipment	10,306,028		10,306,028
Infrastructure	80,387,392		80,387,392
Construction In Progress	315,350,911		315,350,911
Total Assets	\$ 1,270,539,530	4,065,594	1,274,605,124

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

<u>COMPONENT UNITS</u>	
<u>Parking Authority</u>	<u>Coliseum Authority</u>
8,203,287	23,565
676,129	
477,385	
543,734	
11,153,912	
106,000	
29,958,966	
554,029	
351,547	
<u>52,024,989</u>	<u>23,565</u>

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS
 JUNE 30, 2007

LIABILITIES	PRIMARY GOVERNMENT		
	Governmental Activities	Business- Type Activities	Total
Accounts Payable and Accrued Liabilities	\$ 117,566,805	193,599	117,760,404
Accrued Interest Payable	3,176,746		3,176,746
Due To/Due From Component Units	(33,049)		(33,049)
Due To/Due From Primary Government	(28,073)	36,146	8,073
Deferred Revenue	3,470,459		3,470,459
Other Liabilities	18,347,547		18,347,547
Non-Current Liabilities:			
Due Within One Year	69,096,530		69,096,530
Due In More Than One Year	511,440,300		511,440,300
Total Liabilities	<u>\$ 723,037,265</u>	<u>229,745</u>	<u>723,267,010</u>
NET ASSETS			
Invested In Capital Assets, Net of Related Debt	\$ 590,164,856	2,045,833	592,210,689
Restricted For:			
Special Revenues	19,741,219		19,741,219
Permanent Funds	3,253,463		3,253,463
Debt Service	4,826,495		4,826,495
Other			
Unrestricted	(70,483,768)	1,790,016	(68,693,752)
Total Net Assets	<u>\$ 547,502,265</u>	<u>3,835,849</u>	<u>551,338,114</u>

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

COMPONENT UNITS

<u>Parking Authority</u>	<u>Colliseum Authority</u>
1,746,013	154,641
92,422	
33,049	
922,448	6,500
1,984,036	
<u>19,094,548</u>	
<u>23,872,516</u>	<u>161,141</u>
10,435,692	
9,989,290	
<u>7,727,491</u>	<u>(137,576)</u>
<u>28,152,473</u>	<u>(137,576)</u>

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 32,110,858	41,246,546	12,649,846	123,116,731
Education	267,469,133	7,029,074	218,340,415	
Public Safety	64,576,785	8,264,994		
Public Works	25,542,135	225,563		
Public Services	35,211,562	12,052,562		
Employee Benefits and Insurance	82,174,588			
Culture and Recreation	9,273,135	198,078		
Other	23,549,651			
Interest On Long-Term Debt	20,141,346			
Total Governmental Activities	\$ 560,049,193	69,016,817	230,990,261	123,116,731
Business-Type Activities:				
Other	\$ 1,379,843	1,699,893		
Total Business-Type Activities	\$ 1,379,843	1,699,893	-	-
Total Primary Government	\$ 561,429,036	70,716,710	230,990,261	123,116,731
Component Units:				
Parking Authority	\$ 15,903,863	18,042,118		
Coliseum Authority	79,389		176,125	
Total Component Units	\$ 15,983,252	18,042,118	176,125	-

General Revenues:

Property Taxes
Grants & Contributions Not Restricted To Specific Programs
Investment Earnings
Transfers
Total General Revenues and Transfers

Change In Net Assets

Net Assets-Beginning

Net Assets-Ending

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Parking Authority	Coliseum Authority
144,902,265		144,902,265		
(42,099,644)		(42,099,644)		
(56,311,791)		(56,311,791)		
(25,316,572)		(25,316,572)		
(23,159,000)		(23,159,000)		
(82,174,588)		(82,174,588)		
(9,075,057)		(9,075,057)		
(23,549,651)		(23,549,651)		
(20,141,346)		(20,141,346)		
<u>(136,925,384)</u>	<u>-</u>	<u>(136,925,384)</u>	<u>-</u>	<u>-</u>
	320,050	320,050		
<u>-</u>	<u>320,050</u>	<u>320,050</u>	<u>-</u>	<u>-</u>
<u>(136,925,384)</u>	<u>320,050</u>	<u>(136,605,334)</u>	<u>-</u>	<u>-</u>
		-	2,138,255	
		-		96,736
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,138,255</u>	<u>96,736</u>
179,455,921		179,455,921		
58,812,019		58,812,019		
4,925,231	6,432	4,931,663	724,803	
110,000	(110,000)	-		
<u>243,303,171</u>	<u>(103,568)</u>	<u>243,199,603</u>	<u>724,803</u>	<u>-</u>
<u>106,377,787</u>	<u>216,482</u>	<u>106,594,269</u>	<u>2,863,058</u>	<u>96,736</u>
<u>441,124,478</u>	<u>3,619,367</u>	<u>444,743,845</u>	<u>25,289,415</u>	<u>(234,312)</u>
<u>547,502,265</u>	<u>3,835,849</u>	<u>551,338,114</u>	<u>28,152,473</u>	<u>(137,576)</u>

CITY OF NEW HAVEN, CONNECTICUT

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

ASSETS	General	Community Development	Education Grants
Cash and Cash Equivalents	\$ 24,563,830	10,478,987	6,313,828
Investments	2,113,233	515,425	
Receivables (Net of Allowance For Uncollectibles)	8,151,789	1,592,387	1,569,613
Receivables From Other Governments	64,417,847	1,625,953	3,711,745
Due From Other Funds	30,264,499	591,705	204,140
Inventories			150,041
Prepaid Expenses	4,504		791,455
Total Assets	\$ 129,515,702	14,804,457	12,740,822
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 17,726,841	1,311,368	2,772,879
Accrued Liabilities	8,397,522		1,124,091
Retainage Payable		107,311	
Due To Other Funds	14,933,400	2,324,270	5,805,335
Deferred Revenue	61,253,625	2,362,477	579,768
Temporary Loans and Notes Payable			
Other Liabilities	12,481,764	209,688	
Total Liabilities	\$ 114,793,152	6,315,114	10,282,073

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

Capital Project Funds	Debt Service	Other Governmental Funds	Total Governmental Funds
31,813,616		13,353,453	86,523,714
		4,533,172	7,161,830
97,870		286,963	11,698,622
2,434,421		478,355	72,668,321
4,827,824	4,826,495	349,488	41,064,151
			150,041
28,210			824,169
<u>39,201,941</u>	<u>4,826,495</u>	<u>19,001,431</u>	<u>220,090,848</u>
12,175,022		735,616	34,721,726
29,924		113,555	9,665,092
		90,443	197,754
5,419,940		3,960,478	32,443,423
		296,081	64,491,951
64,950,000			64,950,000
860,364		1,758,668	15,310,484
<u>83,435,250</u>	<u>-</u>	<u>6,954,841</u>	<u>221,780,430</u>

CITY OF NEW HAVEN, CONNECTICUT

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>General</u>	<u>Community Development</u>	<u>Education Grants</u>
Fund Balances:			
Reserved for:			
Encumbrances	\$	6,940,371	
Debt Service			
Unreserved, Reported in:			
General Fund	14,722,550		
Special Revenue Funds		1,548,972	2,458,749
Capital Projects Funds			
Permanent Funds			
Total Fund Balances	\$ 14,722,550	8,489,343	2,458,749
Total Liabilities and Fund Balances	\$ 129,515,702	14,804,457	12,740,822

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.

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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

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.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net Assets of Governmental Activities

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

<u>Capital Project Funds</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
142,916,589	4,826,495	9,530,651	159,387,611 4,826,495
(187,149,898)		(737,524)	14,722,550 3,270,197 (187,149,898)
		<u>3,253,463</u>	<u>3,253,463</u>
<u>(44,233,309)</u>	<u>4,826,495</u>	<u>12,046,590</u>	<u>(1,689,582)</u>
<u>39,201,941</u>	<u>4,826,495</u>	<u>19,001,431</u>	
			1,085,151,799
			(3,176,746)
			64,422,182
			(16,668,558)
			(580,536,830)
			<u>\$ 547,502,265</u>

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Community Development</u>	<u>Education Grants</u>
Revenues:			
Property Taxes	\$ 180,637,982		
Licenses and Permits	17,057,976		
Intergovernmental	213,875,363	12,034,863	68,739,306
Charges for Services		2,022,646	853,053
Fines	4,623,108		
Investment Earnings	4,447,214	375,263	15
Payment in Lieu of Taxes	2,490,936		
Other	12,908,838	398,585	6,155,894
Total Revenues	\$ 436,041,417	14,831,357	75,748,268
Expenditures:			
Current:			
General Government	\$ 26,533,223		
Public Safety	63,189,813		
Public Works	17,586,935		
Public Services	7,839,371	16,427,215	
Culture and Recreation	8,659,659		
Employee Benefits and Insurance	79,590,747		
Education	179,948,440		74,745,374
Other Expenditures			
Debt Service:			
Principal	34,248,447	400,000	
Interest	16,745,909	258,889	
Capital Outlay:			
Other Capital Assets			
Total Expenditures	\$ 434,342,544	17,086,104	74,745,374
Excess (Deficiency) Of Revenues Over (Under) Expenditures	\$ 1,698,873	(2,254,747)	1,002,894

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

<u>Capital Project Funds</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
			180,637,982
			17,057,976
123,116,731		15,727,201	433,493,464
			2,875,699
			4,623,108
		102,739	4,925,231
			2,490,936
<u>1,778,359</u>		<u>5,000,221</u>	<u>26,241,897</u>
<u>124,895,090</u>	<u>-</u>	<u>20,830,161</u>	<u>672,346,293</u>
		4,732,107	31,265,330
			63,189,813
		1,096,523	18,683,458
		10,944,976	35,211,562
			8,659,659
			79,590,747
			254,693,814
23,549,651			23,549,651
	6,080,000		40,728,447
	3,420,000		20,424,798
<u>123,189,179</u>			<u>123,189,179</u>
<u>146,738,830</u>	<u>9,500,000</u>	<u>16,773,606</u>	<u>699,186,458</u>
<u>(21,843,740)</u>	<u>(9,500,000)</u>	<u>4,056,555</u>	<u>(26,840,165)</u>

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Community Development</u>	<u>Education Grants</u>
Other Financing Sources (Uses):			
Capital Related Debt Issued	\$		
Refunding Bonds Issued			
Bond Issue Premium			
Payment of Refunded Bond Agent Escrow			
Transfer In			
Transfer Out			
	_____	_____	_____
Total Other Financing Sources (Uses)	\$ -	-	-
Net Change in Fund Balances	\$ 1,698,873	(2,254,747)	1,002,894
Fund Balances - Beginning	<u>13,023,677</u>	<u>10,744,090</u>	<u>1,455,855</u>
Fund Balances - Ending	<u>\$ 14,722,550</u>	<u>8,489,343</u>	<u>2,458,749</u>

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

<u>Capital Project Funds</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
39,500,000	69,570,000		39,500,000
	5,445,706		69,570,000
	(75,015,706)		5,445,706
110,000		1,000,000	(75,015,706)
	(1,000,000)		1,110,000
<u>39,610,000</u>	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>(1,000,000)</u>
17,766,260	(10,500,000)	5,056,555	39,610,000
(61,999,569)	15,326,495	6,990,035	12,769,835
<u>(44,233,309)</u>	<u>4,826,495</u>	<u>12,046,590</u>	<u>(14,459,417)</u>
			(1,689,582)

**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, 2007**

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)	\$ 12,769,835
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.	100,923,056
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(6,029,313)
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.	3,450,959
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.	(3,196,823)
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>(1,539,927)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 106,377,787</u>

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

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CITY OF NEW HAVEN, CONNECTICUT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 179,203,716	180,637,982	180,637,982	-
Education Grants	141,234,316	140,571,451	140,571,451	-
Other Governmental Grants	59,715,015	59,427,002	59,427,002	-
Licenses Permits and Other	14,124,089	17,057,976	17,057,976	-
Investment Income	2,000,000	4,447,214	4,447,214	-
Received From Fines	4,127,000	4,623,108	4,623,108	-
Payments in Lieu of Taxes (PILOT)	3,097,333	2,490,936	2,490,936	-
Other Taxes & Assessments	4,490,793	5,660,168	5,660,168	-
Miscellaneous	7,704,643	7,248,670	7,248,670	-
Total Revenues	\$ 415,696,905	422,164,507	422,164,507	-
Expenditures:				
Current:				
General Government	\$ 28,260,196	26,533,223	26,533,223	-
Public Safety	60,398,236	63,189,813	63,189,813	-
Public Works	16,887,066	17,586,935	17,586,935	-
Public Service	7,911,974	7,839,371	7,839,371	-
Cultural & Recreation	8,970,458	8,659,659	8,659,659	-
Employee Benefits	77,270,742	79,590,747	79,590,747	-
Education	165,003,877	166,071,530	166,071,530	-
Debt Service	50,994,356	50,994,356	50,994,356	-
Capital Outlay				-
Total Expenditures	\$ 415,696,905	420,465,634	420,465,634	-
Excess of Expenses Over Revenue	\$ -	1,698,873	1,698,873	-
Other Financing Sources and Uses	\$ -	-	-	-
Total Other Financing Sources and Uses	\$ -	-	-	-
Net Changes in Fund Balance	\$ -	1,698,873	1,698,873	-
Fund Balance - Beginning			13,023,677	
Fund Balance - Ending			\$ 14,722,550	

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

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

ASSETS	Business-Type Activities- Enterprise Funds		Governmental Activities
	Other Enterprise Funds		Internal Service Funds
Current Assets:			
Cash and Cash Equivalents	\$	1,661,388	2,475,873
Accounts Receivable (Net Allowance For Uncollectibles)		358,373	484,471
Due From Other Funds			3,265,118
Total Current Assets	\$	<u>2,019,761</u>	<u>6,225,462</u>
Noncurrent Assets:			
Capital Assets:			
Building and System	\$	3,220,070	
Less Accumulated Depreciation		<u>(1,174,237)</u>	
Total Capital Assets (Net of Accumulated Depreciation)	\$	<u>2,045,833</u>	-
Total Noncurrent Assets	\$	<u>2,045,833</u>	-
Total Assets	\$	<u><u>4,065,594</u></u>	<u><u>6,225,462</u></u>

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

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Business-Type Activities-Enterprise Funds		Governmental Activities
	Other Enterprise Funds		Internal Service Funds
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	\$	193,599	1,574,205
Due To Other Funds		36,146	11,824,724
Accrued Estimated Healthcare Claims			5,156,028
Claims and Judgments Payable			1,302,000
Total Current Liabilities	\$	<u>229,745</u>	<u>19,856,957</u>
Noncurrent Liabilities:			
Claims and Judgments Payable	\$	-	3,037,063
Total Noncurrent Liabilities	\$	<u>-</u>	<u>3,037,063</u>
Total Liabilities	\$	<u>229,745</u>	<u>22,894,020</u>
Net Assets:			
Invested In Capital Assets, Net Of Related Debt	\$	2,045,833	
Unrestricted		1,790,016	(16,668,558)
Total Net Assets	\$	<u>3,835,849</u>	<u>(16,668,558)</u>

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

CITY OF NEW HAVEN, CONNECTICUT

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2007**

	Business-Type Activities-Enterprise Funds	Governmental Activities
	Other Enterprise Funds	Internal Service Funds
Operating Revenues:		
Charges For Sales and Services:		
Other Services	\$ 1,699,893	73,574,362
Miscellaneous	-	2,094,587
Total Operating Revenues	\$ 1,699,893	75,668,949
Operating Expenses:		
Costs of Sales and Services	\$ 1,287,841	77,208,890
Depreciation and Amortization	92,002	
Total Operating Expenses	\$ 1,379,843	77,208,890
Operating Income	\$ 320,050	(1,539,941)
Non-Operating Revenues (Expenses):		
Investment Earnings	\$ 6,432	14
Total Non-Operating Revenue (Expenses)	\$ 6,432	14
Income (Loss) Before Contributions and Transfers	\$ 326,482	(1,539,927)
Transfers In	-	
Transfers Out	(110,000)	
Change In Net Assets	\$ 216,482	(1,539,927)
Total Net Assets - Beginning	3,619,367	(15,128,631)
Total Net Assets - Ending	\$ 3,835,849	(16,668,558)

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

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Business-Type Activities-Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Other Enterprise Funds</u>	<u>Internal Service Funds</u>
Cash Flows From Operating Activities:		
City's Contribution	\$ -	64,829,244
Cash Received From Users	1,753,322	9,367,622
Payments To Suppliers	(1,241,905)	
Internal Activity-Payments From (To) Other Funds	(294,902)	1,562,559
Claims and Other Expenses Paid	-	(77,415,301)
Other Receipts	-	2,130,575
Net Cash Provided (Used) By Operating Activities	<u>\$ 216,515</u>	<u>474,699</u>
Cash Flows From Investing Activities:		
Interest And Dividends	\$ 6,432	14
Cash Flows From Investing Activities	<u>\$ 6,432</u>	<u>14</u>
Net Increase (Decrease) In Cash And Cash Equivalents	<u>\$ 222,947</u>	<u>474,713</u>
Cash And Cash Equivalents - Beginning	<u>1,438,441</u>	<u>2,001,160</u>
Cash And Cash Equivalents - Ending	<u>\$ 1,661,388</u>	<u>2,475,873</u>

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

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Business-Type Activities-Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Other Enterprise Funds</u>	<u>Internal Service Funds</u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:		
Operating Income or (Loss)	\$ 320,050	(1,539,941)
Adjustments to Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities:		
Depreciation and Amortization Expense	\$ 92,002	
Transfer In (Out)	(110,000)	
Change in Assets and Liabilities:		
(Increase) Decrease In Accounts Receivable, Net	53,429	658,492
(Increase) Decrease In Other Assets	-	
(Increase) Decrease In Due From Other Funds	4,637	(504,775)
Increase (Decrease) In Accounts Payable	47,347	1,252,626
Increase (Decrease) In Accrued Expenses	(1,711)	(1,525,035)
Increase (Decrease) In Accrued Estimated Healthcare Payments		65,998
Increase (Decrease) In Due To Other Funds	(189,539)	2,067,334
Total Adjustments	\$ (103,835)	2,014,640
Net Cash Provided (Used) By Operating Activities	\$ 216,215	474,699

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

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AS OF JUNE 30, 2007

	Combined Employee Retirement Funds	
ASSETS		
Cash And Short-Term Investments	\$ 20,980,537	
Interest and Dividends Receivable	1,433,704	
Accounts Receivable	2,471,369	
Due From Other Funds	<u>8,073</u>	24,893,683
Investments, At Fair Value:		
Government Agency	\$ 4,910,634	
Government Bonds	25,940,256	
Municipal Bonds	2,151,759	
Government Mortgages	30,722,781	
Indexed Linked Government Bonds	1,992,069	
Other Fixed Income (MFB/NTGI Gvt.)	18,300,084	
Government Issued Commercial Backed Mortgage Securities	319,101	
Common Stock	333,901,302	
Preferred Stock		
Commercial Backed Mortgages	1,895,320	
Venture Capital Partnerships	19,260,080	
Corporate Bonds	31,726,617	
Corporate Convertible Bonds		
Convertible Bonds	158,572	
Asset Backed Securities	3,183,925	
Real Estate Investments	4,297,600	
Other Fixed Income (MFB/NTGI Corp.)	11,725,821	
Non-Government Backed Bonds	<u>7,242,587</u>	
Total Investments		<u>497,728,508</u>
Total Assets		<u>522,622,191</u>
LIABILITIES		
Accounts Payable		8,117,955
Accrued Liabilities		<u>211,196</u>
Total Liabilities		<u>8,329,151</u>
NET ASSETS		
Held In Trust For Pension Benefits	\$	<u><u>514,293,040</u></u>

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

CITY OF NEW HAVEN, CONNECTICUT

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007**

	Combined Employee Retirement Funds
Additions	
Contributions:	
Employer Contributions	\$ 23,253,499
Plan Members	9,095,544
Plan Members Buybacks	44,279
Total Contributions	<u>\$ 32,393,322</u>
Investment Earnings:	
Net Increase (Decrease) In Fair Value Of Investments	\$ 61,282,570
Interest	9,385,873
Dividends	4,634,494
Total Investment Income (Loss)	<u>\$ 75,302,937</u>
Less: Investment Expenses:	
Investment Management Fees	2,149,143
Legal Fees	86,021
Interest Expense	52,010
Net Investment Earnings	<u>\$ 73,015,763</u>
Total Additions	<u>\$ 105,409,085</u>
Deductions	
Benefits	\$ 49,275,321
Total Deductions	<u>\$ 49,275,321</u>
Net Increase (Decrease)	<u>\$ 56,133,764</u>
Net Assets - Beginning of Year	458,159,276
Net Assets - End of Year	<u>\$ 514,293,040</u>

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

Notes to the Financial Statements

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2007

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.

Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has elected to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued before November 30, 1989, unless they contradict GASB pronouncements. The more significant accounting policies of the City are described below:

Generally accepted accounting principles 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 Statement No. 14 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.

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- the fiscal dependency of the organization on the City.

Based on the aforementioned criteria, the City has two component units.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 – Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Discretely Presented Component Units

The component unit column in the government-wide financial statements includes financial data of the City's two component units which are both considered major. 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. 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, a member of the Board of Aldermen, and five City residents who are nominated by the Mayor and appointed by the Board of Aldermen.

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 boards for governmental accounting financial reporting principles. These principles require that the City report government-wide and fund financial statements, which are described below.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2007

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. *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 *primary government* is reported separately from certain legally separated *component units* described above.

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

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. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity, or internal balances, has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the business-type funds and the various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Fund financial statements

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.

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. 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 and claims and judgments, are recorded only when payment is due.

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 become available. Available means due, or past due, and 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.

Those revenues susceptible to accrual are property taxes, special assessments and interest revenue. Fines, permits and charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

Intergovernmental grant revenues and similar items are recognized as soon as all eligible requirements imposed by the provider have been met and funds are collected soon enough to pay liabilities of the current period. For this purpose, grants may be recognized and collected after 60 days of the fiscal year end.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement, Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Financial information of the City, the primary government, is presented in this report as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- Basic financial statements:
 - Government-wide financial statements consist of a statement of net assets and a statement of activities.
 - Fund financial statements consist of a series of statements focusing on information about the City's major governmental and enterprise funds. Separate financial statements are presented for the governmental, proprietary and fiduciary funds.
- Notes to the financial statements providing information that is essential to a user's understanding of the basic financial statements.
- Required supplementary information such as budgetary comparison schedules and other types of data required by GASB.

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, which were not paid through a special fund.

The **Community Development Fund Block Grant Program** which entitles cities and counties to develop urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low and moderate income persons.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement, Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

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.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, the government reports the following fund types:

Governmental Funds

General Fund – The major operating fund of the City operates under a legal budget. It is used to account for all the financial resources except those required to be accounted for in another fund.

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 – Used for the accumulation of resources for, and the payment of, general long-term bonded debt, principal, interest, and related costs.

Capital Projects Funds – Used to account for the financial resources used for the acquisition or construction of major capital facilities or improvements, other than those financed by proprietary funds.

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.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2007

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement, Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City's enterprise funds are its commercial and intergovernmental transactions associated with its Golf Course, Transfer Station, 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.

Proprietary Fund Accounting

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.

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 of the proprietary 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.

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.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 – Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Assets or Equity

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.

Investments – Investments, which may be restricted by law or legal instruments, are under control of either the City's Treasurer or other administrative bodies as determined by law. Investments are generally stated at fair value in accordance with GASB Statement 31, *Accounting and Financial Reporting For Certain Investments and for External Investment Pools*. Investments not required to be reported at fair value are stated at cost or amortized cost. In determining realized gains or losses on sales of investments, cost is determined by specific identification.

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".

If "Advances To/From Other Funds" were reported in the fund financial statements, they would be offset by a fund balance reserve account in applicable funds to indicate that they are not available for appropriation and are not expendable financial resources.

Property taxes that have been levied and are due on or before year end are recognized as revenue if they have been collected within sixty days after year end. Property taxes receivable not collected within sixty days after year end are reflected as deferred revenue. An allowance based on historical collection experience is provided for uncollectible taxes.

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.

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.

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 1 – Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Assets or Equity (Continued)

Restricted Assets – At June 30, 2007, the Parking Authority had \$11,153,912 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.

Capital Assets - Capital assets, which include property, plant and equipment, and infrastructure (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 cost 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.

Property, plant and equipment of the primary government is 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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 – Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Assets or Equity (Continued)

Compensated Absences – City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. These hours accumulate based on numerous collective bargaining agreements. Sick leave accumulates at rates of 7 days per year to 15 days per year. Vacation accrues at rates of 5 days per year to 25 days per year. Accrued amounts vest and are paid on termination or retirement at rates from 0 percent to 100 percent.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year, or are expected to be paid with available resources. The vesting method using historical data was used to calculate the liability. The liability for the remainder of the sick and vacation leave, and an estimate of the non-vested portion expected to be paid in the future from governmental funds, is accounted for as long-term liability.

Vested sick leave and accumulated vacation leave of proprietary funds are recorded as expenses and liabilities of those funds as the benefits accrue to employees. Non-vested sick leave is recorded to the extent it is expected to be paid.

Estimated Unbilled Utility Services – An estimated amount has been recorded for utility services provided but not billed as of the end of the year.

Deferred Revenue – Deferred revenue arises when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. Deferred revenue also arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Long-term obligations – In the government-wide financial statements and proprietary fund types in fund 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 applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the terms of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financial sources. Premiums received on old debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 – Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Assets or Equity (Continued)

Fund Equity and Net Assets - In government-wide 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.

The restricted net assets- present 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.

The unrestricted net assets - represent unrestricted liquid assets. While City management may have categorized and segmented portions for various purposes, the City Council has the unrestricted authority to revisit or alter these managerial decisions.

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

The reserved fund balance – this category indicates that portion of fund equity which has been legally segregated for specific purposes.

The undesignated and unreserved fund balance – this category indicates that portion of fund equity which is available for appropriations and expenditures in future periods.

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.

Total Columns on Combined Statements – Total columns on the combined statements are to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America, neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007

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

A. 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 (\$580,536,830) difference is as follows:

Bonds Payable	\$ (490,896,510)
Notes Payable	(4,810,000)
Contractual Obligation	(10,895,652)
Compensated Absences	(25,221,362)
Capital leases Payable	(4,090,433)
Accrued Workers Compensation	(30,869,725)
Other Liabilities	<u>(13,753,148)</u>
Net Adjustments to Reduce <i>Fund Balance - Total Governmental Funds</i> to Arrive at <i>Net Assets of Government Activities</i> .	<u>\$ (580,536,830)</u>

B. 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 detail of this \$100,923,056 difference is as follows:

Capital Outlay	\$ 123,189,179
Depreciation Expense	(22,255,317)
Net Disposals	<u>(10,806)</u>
Net adjustment to increase <i>Net Changes in Fund Balances – Total Governmental Funds</i> to Arrive At <i>Changes In Net Assets of Governmental Activities</i>	<u>\$ 100,923,056</u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2007

Note 2 - Reconciliation Of Government-Wide And Fund Financial Statements (Continued)

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

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 \$3,450,959 difference is as follows:

Debt Issued or Incurred:	
Issuance of General Obligation Bonds	\$ (39,500,000)
Refunding Bonds Issued	(69,570,000)
Principal Repayments:	
Debt	40,728,477
Defeased by Debt	70,130,000
Clean Water Fund IFO Conversion	127,240
Capital Lease Payments	<u>1,535,242</u>
Net adjustment to decrease <i>Net Changes in Fund Balances - Total Governmental Funds</i> to arrive at <i>Changes in Net Assets of Governmental Activities</i>	<u>\$ 3,450,959</u>

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 detail of this \$3,196,823 difference is as follows:

Debt Issuance Costs	\$ 400,044
Amortization of Debt Issuance Costs	(245,927)
Net Increase in Compensated Absences	(1,200,551)
Net Increase in Accrued Workers Compensation	(2,204,081)
Net Increase in Unfunded Pension Obligation	(379,760)
Net Decrease in Other	150,000
Net Decrease in Accrued Interest	<u>283,452</u>
Net Adjustment to Decrease <i>Net Change In Fund Balances Total Governmental Funds</i> to Arrive at <i>Changes In Net Assets Of Governmental Activities</i>	<u>\$ (3,196,823)</u>

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 3 – Stewardship, Compliance and Accountability

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.

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 3 – Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

General Fund (Continued)

- 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 2006–2007 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.

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

A reconciliation of general fund operations and fund balance presented on a budgetary basis to the amounts presented in accordance with accounting principles generally accepted in the United States of America is as follows:

	<u>Revenues</u>	<u>Expenditures and Encumbrances</u>	<u>Fund Balance</u>
Balance, Budgetary Basis	\$ 422,164,507	420,465,634	14,722,550
State Teachers' Retirement and On-behalf Payment, not Recognized for Budgetary Purposes	<u>13,876,910</u>	<u>13,876,910</u>	
Balance, GAAP Basis	<u>\$ 436,041,417</u>	<u>434,342,544</u>	<u>14,722,550</u>

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 3 – Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

General Fund (Continued)

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.

Note 4 - Deposits and Investments

The City's Primary Government deposits and investments are presented in the accompanying balance sheets as follows:

	<u>Deposits</u>	<u>Investments</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents:			
Governmental Funds:			
General Fund	\$ 17,640,571	6,923,259	24,563,830
Community Development	10,478,987		10,478,987
Education Grants	6,313,828		6,313,828
Capital Project Funds	31,813,616		31,813,616
Other	12,718,195	635,258	13,353,453
Total Governmental Funds	\$ 78,965,197	7,558,517	86,523,714
Business-Type Activities	1,661,388		1,661,388
Internal Service Funds	2,475,596	277	2,475,873
Fiduciary Funds	1,807,001	19,173,536	20,980,537
Total Cash and Cash Equivalents	\$ 84,909,182	26,732,330	111,641,512
Investments:			
Governmental Funds:			
General Fund	\$ -	2,113,233	2,113,233
Community Development	-	515,425	515,425
Other	-	4,533,172	4,533,172
Total Governmental Funds	\$ -	7,161,830	7,161,830
Fiduciary Funds	-	497,728,508	497,728,508
Total Investments	\$ -	504,890,338	504,890,338
Total Deposits and Investments	\$ 84,909,182	531,622,668	616,531,850

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 4 - Deposits and Investments (Continued)

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

	<u>Deposits</u>
Cash and Cash Equivalents:	
New Haven Parking Authority	\$ 8,203,287
New Haven Coliseum Authority	23,565
Total Deposits	<u>\$ 8,226,852</u>

Deposits

The following is a summary of the carrying amount of unrestricted cash and cash equivalents at June 30, 2007:

	<u>Total City</u>	<u>Business Type</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Bank Deposit Accounts	\$ 23,991,149	1,661,388	25,652,537	8,226,852
Money Market Funds	57,493,722		57,493,722	
Short-Term Investment Fund	7,514,716		7,514,716	
Pension Cash and Short-Term Investment Fund	<u>20,980,537</u>		<u>20,980,537</u>	
Total Cash and Cash Equivalents	<u>\$ 109,980,124</u>	<u>1,661,388</u>	<u>111,641,512</u>	<u>8,226,852</u>

Custodial Credit Risk

As of June 30, 2007, the carrying amount of the Primary Government's deposits' was \$111,641,512 with bank balances of \$121,390,882. The amount of the bank balances covered under federal depository insurance was \$828,248. The remaining \$120,562,634 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, 2007, \$4,875,424 of uninsured deposits were collateralized under the provision.

The bank balances of the component units' cash accounts at June 30, 2007 were \$11,096,611. The New Haven Coliseum Authority's bank balances totaled \$23,565, of which \$23,565 was insured by either Federal Deposit Insurance Corporation (FDIC) coverage or public deposit protection under the Connecticut General Statutes. The New Haven Parking Authority's bank balances totaled \$11,073,046 of which \$400,000 was covered by FDIC protection and the remaining \$10,673,046 is uninsured and uncollateralized in institutions considered qualified public depositories under chapter 665a of the Connecticut General Statutes.

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 4 - Deposits and Investments (Continued)

Investments

As of June 30, 2007 the City held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Asset Backed Securities	\$ 3,183,925		1,365,104	177,136	1,641,685
Certificates of Deposit	287,426	287,426			
Commercial Mortgage Backed	1,895,320				1,895,320
Common Stock	302,710,548	302,710,548			
Corporate Bonds	32,884,745	1,727,329	11,203,722	7,943,766	12,009,928
Government Agencies	4,910,633	251,409	2,940,734	654,660	1,063,830
Government Bonds	29,783,778	4,538,960	11,350,620	6,747,440	7,146,758
Government Mortgage Backed	30,722,781	1,468,507	532,302	1,233,261	27,488,711
Municipal/Provincial Bonds	2,151,759	760,680	972,762	143,456	274,861
Mutual Funds	35,533,251	35,533,251			
Non-Government Backed	7,242,587				7,242,587
Other Fixed	30,025,904	30,025,904			
Venture Capital & Partnerships	23,557,680	23,557,680			
Total	\$ 504,890,337	400,861,694	28,365,244	16,899,719	58,763,680

Interest Rate Risk

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

Credit Risk

Where the City has no formal policy governing investments State Law limits investments to the obligations of the United States of America, including the joint and several obligations of the Federal Home Mortgage Corporation, Federal National Mortgage Association, the Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all federal land banks, all the federal intermediate credit banks, the Central Bank of Cooperatives, the Tennessee Valley Authority, or any other Agency of the United States Government.

The City's Employees' Retirement Fund requires a minimum quality rating of any fixed income issue held in an investment grade portfolio to be BB as rated by Moody's or an equivalent rating agency. The overall weighted average quality shall be AA or higher.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2007

Note 4 - Deposits and Investments (Continued)

Credit Risk (Continued)

The City's Police and Firemen's Pension Fund requires a minimum quality rating for fixed income investments of BB- as rated by the S&P 500 or Ba3 as rated by Moody's.

As of June 30, 2007 all pension fund's fixed income investments ratings range from D to AAA by S&P and Caa to Aaa by Moody's. The ratings of D and Caa represents only .21% and .23% of all pension funds investments, respectively. The minimum quality rating for equity investments is that the investment should have (a) at least five years of publicly held earnings history and be profitable (from continuing operations) in at least three of the last five years.

The City's Library Fund requires risk for equity funds investments not to exceed that of the S&P 500, and risk for fixed income investments not to exceed that of the Shearson Lehman Government Corporate Bond Index. As of June 30, 2007 this fund has government agency funds rated AAA by S&P.

Concentration of Credit Risk

The Employees' Retirement Fund states that the securities of an individual issuer, except the U.S. Government and agencies and sovereign nations and their agencies, shall not constitute more than five percent, at market value, of an investment manager's portfolio at any time.

The Police and Firemen's Pension Fund is invested utilizing various investment managers who's portfolios shall not own more than 10%, at cost, of any one issue and shall not own more than 10% of the outstanding issue of any one issuer. Mortgage backed securities portfolios shall not own more than 10% of an outstanding issue and such issue shall be at least \$50 million in face value.

The Library Fund shall be balanced between equities and fixed income with approximately 60-70% in equities and 30-40% in fixed income. As of June 30, 2007 the Library Fund had 27% of the total fund invested in fixed income and 73% invested in equities.

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 Police and Firemen's Pension Fund's target for international stocks is 13% and may also include stocks of emerging markets not to exceed 15% of the total international exposure.

The Library Fund allows for international equities to range from 10-15% of the total equity investments.

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 4 - Deposits and Investments (Continued)

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

<u>Fund</u>	<u>Investment</u>	<u>Currency</u>	<u>Maturity</u>	<u>Fair Value</u>	
Police & Firemen's Retirement	Govt. Agencies Corp. Bonds	Brazilian Real	12/9/08-1/10/28	\$ 1,018,023	
	Govt. Bonds, Muni Bonds, Corp Bonds	Canadian Dollar	9/1/07-12/22/26	3,294,749	
	Corporate Bonds, Cash	British Pound			
	Corporate Bonds	Sterling	12/17/2010	377,855	
	Corporate Bonds	Indonesian Rupiah	6/13/2011	274,713	
	Corporate Bonds	Iceland Krona	1/28/2008	320,270	
	Corporate Bonds	So. Korean Wan	9/16/2010	232,263	
	Govt. Bonds, Cash	Mexican Peso	12/20/12- 12/7/23	1,256,680	
	Corporate Bonds	Malaysian Ringgit	4/18/2012	137,871	
	Govt. Agencies, Corp. Bonds,	New Zealand Dollar	6/15/10- 12/15/17	529,473	
	Govt. Agencies, Corp. Bond Cash	Singapore Dollar Thai Baht	2/19/09-2/26/09	1,230,074 (521)	
				<u>\$ 8,671,450</u>	
	Library Fund	Common Stock	Bermuda	N/A	\$ 7,723
		Common Stock	Cayman Islands	N/A	48,014
Common Stock		Netherlands	N/A	11,529	
Common Stock		France	N/A	5,180	
Common Stock		Brazil	N/A	5,792	
Common Stock		United Kingdom	N/A	8,748	
Common Stock		Finland	N/A	4,076	
Common Stock		Switzerland	N/A	3,925	
Common Stock		Canada	N/A	9,135	
Common Stock		Netherlands Antilles	NA	42,470	
Common Stock		Japan	N/A	7,705	
			<u>\$ 154,297</u>		
			<u>\$ 8,825,747</u>		

Note 5 - Receivables and Payables

Receivables at June 30, 2007 were as follows:

	<u>General</u>	<u>Community Development</u>	<u>Education Grants</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Property Taxes	\$ 5,883,300					5,883,300
Other	6,016,896	2,377,095	1,569,613	97,870	286,963	10,348,437
Intergovernmental	64,417,847	1,625,953	3,711,745	2,434,421	478,355	72,668,321
Gross Receivables	\$ 76,318,043	4,003,048	5,281,358	2,532,291	765,318	88,900,058
Allowance For Doubtful Accounts	3,748,407	784,708				4,533,115
Total Receivables, Net	\$ <u>72,569,636</u>	<u>3,218,340</u>	<u>5,281,358</u>	<u>2,532,291</u>	<u>765,318</u>	<u>84,366,943</u>

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 5 - Receivables and Payables (Continued)

Deferred Revenue - Governmental Funds report deferred revenue and other liabilities in connection with receivables for revenue that is not considered to be available to liquidate liabilities in the current period. Governmental Funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the fiscal year, the components of deferred revenue and unearned revenues reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Current Property Taxes, Net	\$ 577,318		577,318
Delinquent Property Taxes, Net	674,678		674,678
Intergovernmental Grant Receivable	59,769,496		59,769,496
Other		232,133	232,133
Other Major Funds:			
Intergovernmental Grants Received in Advance:			
Community Development		2,362,477	2,362,477
Education Grants		579,768	579,768
Other:			
Capital Project Funds			
Nonmajor Governmental Funds:			
Intergovernmental Grants Received in Advance		296,081	296,081
Total	\$ 61,021,492	3,470,459	64,491,951

The New Haven Coliseum Authority, a component unit, has deferred revenue of \$6,500 at June 30, 2007 resulting from an unspent State of Connecticut Commission on Culture and Tourism grant. The deferred amount of the grant is required to be returned to the State.

Payables at June 30, 2007 were as follows:

	<u>Vendors</u>
General Fund	\$ 17,726,841
Community Development	1,311,368
Education Grants	2,772,879
Capital Projects	12,175,022
Other Governmental Funds	735,616
Total Payables	\$ 34,721,726

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 2023.

Loans receivable, which are included in loans and accounts receivable in the accompanying combined balance sheet, consist of various loans totaling \$33,763,664, of which there is an allowance for collection losses equal to 100 percent of the total loans receivable as of June 30, 2007.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2007

Note 7 - Internal Balances and Transfers

Internal Balances Receivables and Payables

As of June 30, 2007, internal amounts receivable from and payable to other funds were as follows:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>	<u>Net Internal Balance Receivable (Payable)</u>
Primary Government:			
General Fund (Includes Agency Funds)	\$ 30,264,499	14,933,400	15,331,099
Internal Service Funds	\$ 3,265,118	11,824,724	(8,559,606)
Employee Retirement Funds	\$ 8,073	-	8,073
Special Revenue Funds:			
Major:			
Community Development	\$ 591,705	2,324,270	(1,732,565)
Education Grants	204,140	5,805,335	(5,601,195)
Other:			
Improvement		89,544	(89,544)
Human Resources	262,744	2,792,153	(2,529,409)
Redevelopment		33,523	(33,523)
Other	86,744	1,028,712	(941,968)
Total Special Revenue Funds	\$ 1,145,333	12,073,537	(10,928,204)
Debt Service	\$ 4,826,495	-	4,826,495
Other Expendable Trust Funds	\$ -	16,546	(16,546)
Capital Project Funds	\$ 4,827,824	5,419,940	(592,116)
Sub-Total	\$ 44,337,342	44,268,147	69,195
Enterprise Funds	\$ -	36,146	(36,146)
Total Primary Government	\$ 44,337,342	44,304,293	33,049
Component Units:			
Parking Authority General Fund	\$ -	33,049	(33,049)
Total Component Units	\$ 44,337,342	44,337,342	-

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 7 - Internal Balances and Transfers (Continued)

Transfers

As of June 30, 2007, amounts transferred between funds were as follows:

Transfer To	Transfers From		
	Debt Service	Enterprise Fund	Total
Capital Projects	\$	110,000	110,000
Debt Service			
Special Revenue	1,000,000		1,000,000
Total	\$ <u>1,000,000</u>	<u>110,000</u>	<u>1,110,000</u>

Note 8 - Capital Assets

Capital asset activity for the year ended June 30, 2007 is as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 44,145,906		5,600	44,140,306
Construction In Progress	230,234,301	114,585,827	29,469,217	315,350,911
Total Capital Assets, Not Being Depreciated	\$ 274,380,207	114,585,827	29,474,817	359,491,217
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 764,272,653	34,803,946		799,076,599
Land Improvements	13,767,825	844,177		14,612,002
Vehicles	37,028,920	2,107,851	668,420	38,468,351
Machinery, Equipment, Furniture, Fixtures and Other Related Assets	15,020,590	316,595		15,337,185
Infrastructure	188,049,917			188,049,917
Total Capital Assets Being Depreciated	\$ 1,018,139,905	38,072,569	668,420	1,055,544,054
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 151,294,790	13,410,977		164,705,767
Land Improvements	11,995,156	2,020,516		14,015,672
Vehicles	31,441,881	1,606,089	663,214	32,384,756
Machinery, Equipment, Furniture, Fixtures and Other Related Assets	10,562,740	552,012		11,114,752
Infrastructure	102,996,802	4,665,723		107,662,525
Total Accumulated Depreciation	\$ 308,291,369	22,255,317	663,214	329,883,472
Total Capital Assets, Being Depreciated, Net	\$ 709,848,536	15,817,252	5,206	725,660,582
Governmental Activities - Capital Activities - Net	\$ 984,228,743	130,403,079	29,480,023	1,085,151,799

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2007

Note 8 - Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 3,220,070			3,220,070
Total Capital Assets Being Depreciated	\$ 3,220,070	-	-	3,220,070
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,082,235	92,002		1,174,237
Total Accumulated Depreciation	\$ 1,082,235	92,002	-	1,174,237
Total Capital Assets, Being Depreciated, Net	\$ 2,137,835	(92,002)		2,045,833
Business-Type Activities Capital Assets – Net	\$ 2,137,835	(92,002)	-	2,045,833

Current Period Depreciation Expense was Charged to Functions of the Primary Government as Follows:

Governmental Activities:	
Education	\$ 12,775,319
General Government	620,873
Public Safety	1,386,972
Public Works	6,858,677
Culture and Recreation	613,476
Total Depreciation Expense – Governmental Activities	\$ 22,255,317

Business-Type Activities:	
Depreciation and Amortization:	
Transfer Station	\$ 92,002
Total Depreciation Expense – Business-Type Activities	\$ 92,002

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2007

Note 8 - Capital Assets (Continued)

Component Units:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 106,000				106,000
Construction In Progress	189,662	(3,462,047)	3,623,932		351,547
Total Capital Assets, Not Being Depreciated	\$ 295,662	(3,462,047)	3,623,932	-	457,547
Capital Assets Being Depreciated:					
Buildings & Improvements	\$ 71,471,971	3,462,047	703		74,934,721
Equipment And Motor Vehicles	4,295,120		31,518		4,326,638
Total Capital Assets Being Depreciated	\$ 75,767,091	3,462,047	32,221	-	79,261,359
Less: Accumulated Depreciation For:					
Buildings & Improvements	\$ 42,156,368		2,819,387		44,975,755
Equipment and Motor Vehicles	3,486,834		285,775		3,772,609
Total Accumulated Depreciation	\$ 45,643,202	-	3,105,162	-	48,748,364
Total Capital Assets, Being Depreciated, Net	\$ 30,123,889	3,462,047	(3,072,941)		30,512,995
Capital Assets, Net	\$ 30,419,551	-	550,991	-	30,970,542

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 8 - Capital Assets (Continued)

Construction Commitments:

The City has the following major active construction projects as of June 30, 2007:

<u>Capital Project</u>	<u>Cumulative Authorization</u>	<u>Cumulative Expenditures</u>	<u>Remaining Construction Commitment Balance June 30, 2007</u>	<u>Expected Date of Completion</u>
Bishop Woods	\$ 37,000,000	2,148,787	34,851,213	08/01/09
Bowen Field	9,537,887	121,934	9,415,953	10/01/12
Columbus School	35,600,000	12,108,547	23,491,453	08/01/08
Cooperative Arts & Humanity	68,700,000	27,621,737	41,078,263	11/30/08
Davis Magnet	28,591,200	1,245,420	27,345,780	08/01/10
East Rock	44,000,000	1,235,827	42,764,173	08/01/11
Hill Central	45,700,000	339,665	45,360,335	08/01/11
Jepson	40,000,000	32,036,054	7,963,946	08/01/07
Mauro Magnet	35,900,000	1,180,518	34,719,482	12/31/09
Metro Business Magnet	36,000,000	4,179,573	31,820,427	08/01/09
Pardee Greenhouse	2,675,000	1,184,777	1,490,223	09/20/07
Roberto Clemente	37,840,492	2,252,031	35,588,461	12/31/09
Sheridan	39,000,000	5,028,965	33,971,035	08/01/11
Troup	50,000,000	24,966,166	25,033,834	04/01/08
Worthington Hooker Reno	12,950,000	10,472,449	2,477,551	03/19/07
Worthington Hooker New	25,000,000	4,874,070	20,125,930	08/01/09
	\$ <u>548,494,579</u>	<u>130,996,523</u>	<u>417,498,057</u>	

Note 9 - Temporary Notes Payable

The City of New Haven uses short-term notes payable in anticipation of bond issuances or grant receipts to provide interim fundings for various capital projects. Activity for the fiscal year for the Grant Anticipation Notes (GANs) are as follows:

	<u>Balance June 30, 2006</u>	<u>Issuances</u>	<u>Payments</u>	<u>Balance June 30, 2007</u>
GANs	\$ <u>72,191,000</u>	<u>89,795,000</u>	<u>97,036,000</u>	<u>64,950,000</u>

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 10 – Long-Term Liabilities

Changes In Long-Term Liabilities

A summary of changes in Long-Term Liabilities during the year ended June 30, 2007 is as follows:

	<u>Balance June 30, 2006</u>	<u>Issued/ Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2007</u>	<u>Within One Year</u>
Government Activities:					
Long-Term Debt:					
Bonds Payable	\$ 503,307,879	109,070,000	121,481,369	490,896,510	38,873,603
Notes Payable	5,210,000		400,000	4,810,000	430,000
Capital Leases	5,625,675		1,535,242	4,090,433	1,703,031
Other Long-Term Liabilities:					
Contractual Obligation - GNHWPCA		11,172,796	277,144	10,895,652	813,398
Compensated Absences	24,020,811	20,504,577	19,304,026	25,221,362	17,540,828
Accrued Workers' Compensation	28,665,644	9,612,181	7,408,100	30,869,725	8,974,791
Unfunded Pension Obligation	11,423,388	970,988	591,228	11,803,148	610,879
Landfill Closure And Post Closure	2,100,000		150,000	1,950,000	150,000
Total Governmental Debt	<u>\$ 580,353,397</u>	<u>151,330,542</u>	<u>151,147,109</u>	<u>580,536,830</u>	<u>69,096,530</u>
Component Unit Activities:					
Long Term-Debt:					
Revenue Bonds	\$ 22,575,089		1,748,194	20,826,895	1,920,000
Capital Leases	429,469		177,780	251,689	64,036
Total Component Unit Debt	<u>\$ 23,004,558</u>	<u>-</u>	<u>1,925,974</u>	<u>21,078,584</u>	<u>1,984,036</u>

The reduction in the City's General Obligation Bonds of \$121,481,369 includes the following:

Principal Payments on:	
Clean Water Bonds	\$ 628,408
Clean Water Funds Loans	39,422,892
Defeased Bonds	70,130,000
Debt Assumed by GNHWPCA	11,172,796
Clean Water Fund Interim Funding	127,273
Total General Obligation Bonds Reductions	<u>\$ 121,481,369</u>

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 10 – Long-Term Liabilities (Continued)

On August 29, 2005 the City's WPCA was sold to the Greater New Haven Water Pollution Control Authority "GNHWPCA". Upon the sale, the GNHWPCA assumed all general obligation debt of the City's WPCA. For the prior fiscal year ended June 30, 2006 the City was contingently liable for \$13,635,055 of the WPCA's debt. This represented 60% of the outstanding balance of the clean water fund debt originally issued by the City for the WPCA, and still in the City's name as of June 30, 2006. The GNHWPCA has not defaulted on any of the required payments of that debt. As of June 30, 2007, the debt has been transferred to the name of the GNHWPCA and the City's contingent liability has ended.

For the prior fiscal year ended June 30, 2006, the City was liable for its 40% of the clean water fund debt in the amount of \$11,956,295. The City made the required payments on that debt during the fiscal year ended June 30, 2007. During the fiscal year ended June 30, 2007, this debt has also been transferred to the name of the GNHWPCA. The City has a contractual obligation to the GNHWPCA for payment of the City's remaining portion in the amount of \$10,895,652 at June 30, 2007.

A. 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 \$39,500,000 and revenue bonds of \$69,570,000 were issued.

General obligation bonds are direct obligations and pledge the good faith and credit of the government. Certain general obligation bonds are to be repaid by revenues of the enterprise funds. These bonds generally are issued as 15-year or 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 10 - Long-Term Liabilities (Continued)

<u>Purpose/Expiration</u>	<u>Interest Rate</u>	<u>Governmental Activity</u>
General Purpose Bonds		
Varying Expiration Dates Ranging From November 2002 to November 2025	3.25-9.50%	\$ 168,557,899
School Bonds		
Varying Expiration Dates Ranging From November 2002 to November 2025	.34-9.50%	309,073,863
Urban Renewal Bonds		
Varying Expiration Dates Ranging From November 2002 to November 2025	3.25-9.50%	13,236,928
Sewer Bonds		
Varying Expiration Dates Ranging From November 2002 to November 2022	3.25-9.50%	27,820
		<u>\$ 490,896,510</u>
Less Current Portion		38,873,603
		<u>\$ 452,022,907</u>

Annual debt service requirements to maturity for general obligation bonds, including the clean water interim funding obligation, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 38,873,603	21,702,340
2009	40,750,777	20,021,040
2010	37,904,362	18,302,948
2011	33,939,425	16,708,513
2012	32,331,027	15,209,461
2013 Through 2017	154,739,182	53,780,516
2018 Through 2022	120,528,130	20,294,600
2023 Through 2027	31,830,004	2,726,281
	<u>\$ 490,896,510</u>	<u>168,745,699</u>

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 10 - Long-Term Liabilities (Continued)

A. General Obligation Bonds (Continued)

The State of Connecticut reimburses the City for eligible principal and interest costs the of the capital improvement bond issues used for school reconstruction. The amount of such reimbursements for the year ended June 30, 2007 was approximately \$7,881,040. The City expects to receive \$59,769,496 in principal payments and \$20,231,100 in interest payments over the next 16 years.

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 termination date. These bonds are included in general obligation bonds and the related debt service requirements. The City is guaranteed to earn \$2,093,353 in interest over the next ten years to be used to relinquish the principal portion of the debt during the current year, the escrow account earned \$136,692.

Advance and Current Refunding

The City has issued general obligation refunding bonds 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.

During the year ended June 30, 2007, \$70,130,000 of the City's general obligation debt was defeased, and cumulative defeased debt outstanding is \$192,995,000.

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, 2007, there were six series of limited obligation industrial bonds outstanding, with an aggregate principal amount of \$12,959,672.

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 10 - Long-Term Liabilities (Continued)

B. Revenue Bonds

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 \$21,210,000 of outstanding revenue bond debt at June 30, 2007 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>
2008	\$ 1,920,000	1,061,062
2009	2,015,000	962,687
2010	2,110,000	859,562
2011	2,215,000	751,437
2012	2,330,000	633,444
2013 through 2016	10,620,000	1,178,740
	<u>\$ 21,210,000</u>	<u>5,446,932</u>

C. Notes Payable

General Government

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>
2008	\$ 430,000	304,147
2009	460,000	276,426
2010	490,000	246,384
2011	520,000	213,964
2012	550,000	179,203
2013 through 2017	2,360,000	370,620
	<u>\$ 4,810,000</u>	<u>1,590,744</u>

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 10 - Long-Term Liabilities (Continued)

D. Capital Leases

The City has entered into three lease agreements as lessee 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 4.29% per annum.

The following component unit has entered into lease agreements as the lessee.

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.

That agreement provides for monthly principal and interest payments of \$13,369 from September 2005 through May 2007 and principal payments plus interest of \$6,599 thereafter through December 2010. The interest rate is 4.187% per annum.

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2007 were as follows:

<u>Year Ending June 30,</u>	<u>General Government</u>	<u>Component Unit Parking Authority</u>
2008	\$ 1,703,031	72,593
2009	1,470,574	79,188
2010	645,805	79,188
2011	197,025	39,596
2012	197,024	
2013 and thereafter	<u>119,518</u>	
Total Minimum Lease Payments	\$ 4,332,977	270,565
Less Amount Representing Interest	<u>242,544</u>	<u>18,876</u>
Present Value of Minimum Lease Payment	<u>\$ 4,090,433</u>	<u>251,689</u>

Component Units:

The net book value of property under capital leases for the New Haven Parking Authority was \$371,027 at June 30, 2007. Depreciation expense on leased assets was \$132,255 for the year ended June 30, 2007.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2007

Note 11 – Fund Deficits

Certain individual funds had operating and/or fund balance deficits at June 30, 2007 as follows:

	<u>Operating Deficit</u>	<u>Fund Balance Deficit</u>
Major Governmental:		
Community Development	\$ 2,254,747	
Capital Project Funds		44,233,309
Debt Service	10,500,000	
Non-Major Governmental:		
Other Special Revenue Funds	48,299	
Enterprise Funds:		
Skating Rink	22,587	
Internal Service Funds:		
Self-Insurance Reserve	1,105,393	14,147,680
Medical Self-Insurance	43,215	43,215
Workers' Compensation	391,319	2,477,663

The Capital Projects Funds' deficits have arisen because bond authorized for these projects have not been issued. When the bonds are issued, or the general fund appropriates and transfers amounts to fund the projects, the deficits will be reduced.

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 \$4.3 million of case reserves and approximately \$9.8 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, and to \$2.8 million in 2008. There are long term plans for subsequent years' appropriations to be budgeted at similar appropriation amounts to 2007 and 2008 or higher.

The Internal Service Fund Deficit in the Workers' Compensation Fund has arisen from one claim. The City's Office of the Corporation Counsel has initiated subrogation in order to recoup the costs to the City. Fiscal year ended June 30, 2007 expenses for this claim totaled \$391,319.

Note 12 – Employee Retirement 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 employees of the Water Pollution Control Authority (WPCA), (for employees benefits through August 29, 2005) and 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 THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2007

Note 12 – Employee Retirement Plans (Continued)

Stand-alone plan reports are not available for these plans.

The individual plan net assets are as follows:

	<u>City Employees' Retirement Fund</u>	<u>Policemen's & Firemen's Retirement Fund</u>	<u>Other Retirement Fund</u>
ASSETS			
Cash and Short – Term Investments	\$ 2,940,892	16,784,394	1,255,251
Interest and Dividends Receivables	466,844	962,051	4,809
Accounts Receivable	1,489,724	980,869	776
Due From Other Funds		8,073	
Investments, At Fair Value	208,900,762	288,565,681	262,065
Total Assets	\$ 213,798,222	307,301,068	1,522,901
LIABILITIES			
Accounts Payable	\$ 4,427,655	3,690,300	
Accrued Liabilities	80,031	131,165	
Total Liabilities	\$ 4,507,686	3,821,465	-
NET ASSETS			
Held In Trust For Pension Benefits	\$ 209,290,536	303,479,603	1,522,901
Individual changes in plan net assets were as follows:			
	<u>City Employees' Retirement Fund</u>	<u>Policemen's & Firemen's Retirement Fund</u>	<u>Other Retirement Fund</u>
ADDITIONS			
Contributions:			
Employer Contributions	\$ 9,623,649	13,481,000	148,850
Plan Members	3,225,131	5,870,413	
Plan Members Buybacks	10,445	33,834	
Total Contributions	\$ 12,859,225	19,385,247	148,850
Investments Earnings:			
Net Increase (Decrease) In Fair Value Of Investments	\$ 23,652,159	37,604,440	25,971
Interest	3,740,919	5,581,197	63,757
Dividends	2,091,233	2,531,384	11,877
Total Investment Income (Loss)	\$ 29,484,311	45,717,021	101,605
Less: Investment Expenses:			
Investment Management Fees	678,933	1,470,210	
Legal Fees	42,299	43,722	
Interest Expense		52,010	
Net Investment Earnings	\$ 28,763,079	44,151,079	101,605
TOTAL ADDITIONS	\$ 41,622,304	63,536,326	250,455
DEDUCTIONS			
Benefits	\$ 21,048,547	28,174,402	52,372
TOTAL DEDUCTIONS	\$ 21,048,547	28,174,402	52,372
Net Increase (Decrease)	\$ 20,573,757	35,361,924	198,083
Net Assets – Beginning of Year	188,716,779	268,117,679	1,324,818
Net assets – End Of Year	\$ 209,290,536	303,479,603	1,522,901

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2007

Note 12 – Employee Retirement Plans (Continued)

City Employees' Retirement Fund

Plan Description and Contribution Information

Plan Membership

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

	<u>June 30, 2006</u>
Retirees and Beneficiaries Receiving Benefits	1,037
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	15
Active Plan Members:	
Vested	558
Non-vested	603
Total	<u>2,213</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% 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 THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 12 – Employee Retirement Plans (Continued)

City Employees' Retirement Fund (Continued)

Plan Description and Contribution Information (Continued)

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, 2006 did not include any material changes in funding method or assumptions. The latest actuarial valuation as of June 30, 2006 reflects no material changes in plan provisions or coverage.

Supplementary Information
Schedule of Funding Progress
Based on the Actuarial Value of Assets

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)
6/30/01	\$ 175,856,400	222,936,200	47,079,800	78.9%	53,380,000	88.2%
6/30/02	185,045,000	263,899,000	78,854,000	70.1%	46,396,000	170.0%
6/30/03	182,447,100	273,731,700	91,284,600	66.7%	46,445,000	196.5%
6/30/04	182,582,100	288,616,500	106,034,400	63.3%	48,792,000	217.3%
6/30/05	184,242,200	299,754,000	115,511,800	61.5%	50,217,000	230.0%
6/30/06	188,229,400	315,802,400	127,573,000	59.6%	52,217,000	244.3%

Actuarial Assumptions and Methods

Reporting Date-End of Fiscal Year	6/30/2007
Latest Actuarial Valuation Date	6/30/2006
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

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 12 – Employee Retirement Plans (Continued)

City Employees' Retirement Fund (Continued)

Plan Description and Contribution Information (Continued)

Actuarial Assumptions and Methods (Continued)

Actuarial Assumptions:

Investment Rate of Return*	8.50%
Projected Salary Increases*	Age related scale with average of 4.70%
*Includes Inflation at Cost of Living Adjustments	3.00% 3.00%

Turnover Assumption

The following are sample annual rates of turnover:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	12.0%	17.0%
30	9.0%	12.0%
40	6.3%	7.2%
50	2.2%	2.4%
60	2.0%	1.0%

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

Retirement Age The earlier of the Rule of 80 (minimum age 62) or age 65 with 10 years of service. Any active member who has reached the Assumed Retirement Age is assumed to retire immediately.

Disability Assumption

The following are sample annual rates of disability:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.029%	0.030%
30	0.048%	0.080%
40	0.117%	0.211%
50	0.358%	0.533%
60	1.256%	1.159%

Expenses Estimated to be \$100,000 per year.

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 12 -Employee Retirement Plans (Continued)

City Employees' Retirement Fund (Continued)

Plan Description and Contribution Information (Continued)

Schedule of Employer Contributions

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Actual Contribution</u>
2002	\$ 5,484,073	100%	5,484,073
2003	6,071,288	100%	6,071,288
2004	7,408,604	100%	7,408,604
2005	7,407,549	100%	7,407,549
2006	9,254,000	100%	9,254,000
2007	9,522,000	100%	9,522,000

The calculation of the change in the net pension obligation for the year ended June 30, 2007 follows:

Actuarially Required

1. Contribution (ARC)	\$ 9,522,000
2. Interest on NPO	126,436
3. Adjustment To (ARC)	<u>(79,332)</u>
4. Annual Pension Cost (APC)	\$ 9,569,104
5. Contribution Made	<u>9,522,000</u>
6. Increase In NPO	\$ 47,104
7. NPO Beginning of Year	<u>1,487,481</u>
8. NPO End of Year	<u>\$ 1,534,585</u>

Annual Pension Cost and Net Pension Obligation
Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Actual Contribution</u>
6/30/05	\$ 7,451,805	99.4%	1,441,823	7,407,549
6/30/06	9,299,658	99.5%	1,487,481	9,254,000
6/30/07	9,569,104	99.5%	1,534,585	9,522,000

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 12 -Employee Retirement Plans (Continued)

Policemen and Firemen Retirement Fund

Plan Description and Contribution Information

Plan Membership

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

	June 30, 2006
Retirees and Beneficiaries Receiving Benefits	1,054
Terminated Plan Members Entitled To But Not Yet Received Benefits	1
Active Plan Members	<u>738</u>
Total	<u>1,793</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 policemen and firemen are eligible. Employees are 100% 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% 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% 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 9.25% of all City earnings). In addition, policemen contribute 4.800% 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.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2007

Note 12 - Employee Retirement Plans (Continued)

Policemen and Firemen Retirement Fund (Continued)

Plan Description and Contribution Information (Continued)

Plan Changes

The latest actuarial valuation dated June 30, 2006 reflects no material changes in funding methods or actuarial assumptions.

The latest actuarial valuation dated June 30, 2006 reflects the following plan changes:

1. The increase in Police contributions from 8.75% to 9.75%, beginning July 1, 2006.
2. Fire average total annual earnings for the 4 (previously 5) highest plan years of earnings or budgeted annual salary at time of retirement, whichever is greater.

The estimated impact of the above changes is an increase to the annual cost of 0.20% of payroll and decrease in funded ratio of 0.2%.

Supplementary Information
 (Required by GASB)
 Schedule of Funding Progress
Based on the Actuarial Value of Assets

Actuarial Valuation Date	Actuarial Value of Assets (a)	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)
6/30/01	257,574,400	385,924,500	59,861,000	82.2%	47,842,000	125.1%
6/30/02	277,960,500	372,179,000	128,350,100	66.7%	48,897,000	262.5%
6/30/03	272,056,400	388,896,100	94,218,500	74.7%	51,856,000	181.7%
6/30/04	266,358,100	406,432,500	116,939,700	70.0%	51,385,000	227.4%
6/30/05	262,584,200	423,997,500	161,413,300	61.9%	53,854,000	299.7%
6/30/06	267,476,700	450,434,000	182,957,300	59.4%	52,998,500	345.2%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Actual Contribution
2002	8,814,347	100%	8,814,347
2003	8,970,280	100%	8,970,280
2004	10,404,000	100%	10,404,000
2005	11,028,000	100%	11,028,000
2006	12,871,000	100%	12,871,000
2007	13,481,000	100%	13,481,000

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 12 – Employee Retirement Plans (Continued)

Actuarially Required

1. Contribution (ARC)	\$ 13,481,000
2. Interest on NPO	844,552
3. Adjustment To (ARC)	(511,896)
4. Annual Pension Cost (APC)	\$ 13,813,656
5. Contribution Made	13,481,000
6. Increase In NPO	\$ 332,656
7. NPO Beginning of Year	9,935,907
8. NPO End of Year	\$ <u>10,268,563</u>

Actuarial Assumptions and Methods:

Reporting Date-End of Fiscal Year	6/30/2007
Latest Actuarial Valuation Date	6/30/2006
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
<u>Actuarial Assumptions:</u>	
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%

Turnover Assumption

The following are sample annual rates of turnover:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	4.00%	6.00%
30	3.00%	4.00%
40	1.20%	2.00%
50	0.00%	0.00%

Mortality Table RP- 2000 Mortality Table projected to the valuation year plus 10 years, for males and females, with blue collar adjustment for participants to allow for the excess mortality associated with the relatively more hazardous police and fire occupations. Separate tables are used for active members and annuitants.

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

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 12 – Employee Retirement Plans (Continued)

Policemen and Firemen Retirement Fund (Continued)

Plan Description and Contribution Information (Continued)

Disability Assumption

The following are sample annual rates of disability:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.177%	0.104%
30	0.366%	0.299%
40	0.693%	0.535%
50	1.354%	1.327%
60	3.434%	2.469%

Expenses estimated to be \$100,000 per year.

Annual Pension Cost and Net Pension Obligation
Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Actual Contribution</u>
6/30/05	11,339,452	97.3%	9,614,028	11,028,000
6/30/06	13,192,879	97.6%	9,935,907	12,871,000
6/30/07	13,813,656	97.6%	10,268,563	13,481,000

**Custodians' and Engineers' Retirement Fund, Teachers' Retirement Fund and
Special Widows' Relief Fund**

Contributions to the Custodians' and Engineers' Retirement Fund and Special Widows' Relief Fund are primarily based on the "pay as you go" method whereby the City contributes only those funds needed to pay current year benefit payments in excess of current year contributions made by City employees. Contributions are approved by the Board of Aldermen. This method is not an acceptable method of determining pension costs under accounting principles generally accepted in the United States Of America. Contributions made for the above funds for the year ended June 30, 2007 were \$148,850. The City does not contribute to the Teachers' Retirement Fund, a plan that was established to provide benefits to teachers hired prior to 1944, because investments, investment earnings and reimbursements from the State are sufficient to meet the benefit payments and other obligations.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 12 – Employee Retirement Plans (Continued)

Custodians' and Engineers' Retirement Fund, Teachers' Retirement Fund and
Special Widows' Relief Fund (Continued)

Teachers' Retirement Plan

The faculty and professional personnel of the Board of Education participate in a retirement plan administered by the Connecticut State Teachers' Retirement Board.

Covered Employees

The Teachers' Retirement System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the plan is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units. Participation in the plan is mandatory for certificated personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement Plan (TIAA-CREF).

Vesting Requirements

A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60.

Pension Contribution Requirements/Amounts By State

The pension contributions made by the State to the plan are determined on an actuarial reserve basis as described in sections 10-183l and 10-183z C.G.S. For the fiscal year ended June 30, 2007, \$412,101,958 was expended to meet the State's funding requirements. The results of the State's actuarial valuation at June 30, 2007 did not contain information which would show the development of the State's actuarial cost by local school districts. The State's estimated total payroll was \$3,281,061,109. The State's appropriation represented 12.56% of the total estimated payroll.

Participants are required to contribute 7.25% of their annual salary rate to the system as required by section 10-183b(7) C.G.S. For the 2006-2007 school year 7.25% mandatory contributions were deducted from the salaries of teachers who were participants of the plan during that school year. The estimated covered payroll for The City of New Haven is \$110,484,955.

For the year ended June 30, 2007 the following information is applicable to the City:

Total Number of Teachers Participating	<u>1,958</u>
Participant Contributions	<u>\$ 8,010,159</u>
On Behalf State Payments	<u>\$13,876,910</u>

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 12 – Employee Retirement Plans (Continued)

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 \$769,909 and the Authority's contributions amounted to \$115,903 for the year ended June 30, 2007.

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.

The total payroll of all bargaining unit employees for the year ended June 30, 2007 amounted to \$3,011,626. The Authority's contributions for the year ended June 30, 2007 amounted to \$455,803.

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 \$5.9 million for such claims. The City has accrued \$3 million in the self-insurance reserve internal service fund. But the self-insurance fund has a deficit of \$14.1 million; 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.

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 13 - Commitments and Contingencies (Continued)

Operating Lease Agreements

The City leases office space under cancelable and non-cancelable operating leases with terms extending over the next one to nine years. As of June 30, 2007, total future minimum rental payments under these leases are as follows:

<u>Year Ending June 30,</u>	
2008	\$ 3,513,391
2009	3,376,715
2010	2,219,565
2011	1,924,353
2012	811,774
Thereafter	<u>1,320,588</u>
	<u>\$ 13,166,386</u>

Rent expense related to these agreements amounted to approximately \$4,153,843 for the year ended June 30, 2007.

Component Units

The New Haven Parking Authority and the City of New Haven are defendants in an action arising from an accident at Union Station in October 2001. The Authority's liability carrier at the time of the accident was Legion Insurance (Legion) and had one million dollars of liability coverage through Legion. The City of New Haven was self insured and had an umbrella policy of two million dollars issued by United National Insurance. Legion was declared insolvent and the claim was transferred to the Connecticut Guaranty Association (CIGA) pursuant to Connecticut General Statutes. Those Statutes provide for a limit of liability from CIGA of three hundred thousand dollars. The effect of Legion's insolvency is that the Authority and City of New Haven are exposed to liability in the amount of seven hundred thousand dollars. This figure represents the difference between the limit of liability of CIGA and the "floor" of the umbrella policy. Outside counsel for the Authority has advised that at this stage in the proceedings he cannot offer an opinion as to the probable outcome. The Authority believes the suit is without merit and is vigorously defending its position.

The New Haven Parking Authority is a defendant in another 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.

In conjunction with the closing of the New Haven Coliseum, the New Haven Coliseum Authority became subject to certain claims related to the early termination of several agreements. The amounts of these claims are estimated to be \$2,500,000. The Authority has engaged legal counsel and is vigorously defending these claims. The Authority is unable, however, to predict the outcome of these claims or reasonably estimate a range of possible loss.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 13 - Commitments and Contingencies (Continued)

Parking Authority Lease Agreements

By the terms of an agreement dated March 1, 1978, the air space occupied by the Air Rights Parking Facility is leased from the State of Connecticut by the City. The term of this lease is 45 years expiring in 2023 and contains two renewal options for 20 and 15 years, respectively. Under the terms of the lease, the Authority is obligated to make 300 parking spaces available to State of Connecticut Employees at specified rates.

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, 2007 is \$38,831.

The following is a schedule, as of June 30, 2007, 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,		
2008	\$	465,975
2009		465,975
2010		465,975
2011		465,975
2012		465,975
2013 and Thereafter		<u>1,397,924</u>
	\$	<u>3,727,799</u>

Total Parking Authority rental expense under cancelable and non-cancelable operating leases is included in the combined statement of revenues, expenses and changes in fund net assets (deficit) and totaled \$867,517 for the year ended June 30, 2007.

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 Station 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 THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 13 - Commitments and Contingencies (Continued)

Parking Authority Lease Agreements (Continued)

A schedule as of June 30, 2007 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,	
2008	\$ 1,507,612
2009	1,340,812
2010	1,273,723
2011	1,273,723
2012	663,711
2013 and Thereafter	<u>3,467,727</u>
	<u>\$ 9,527,308</u>

The Parking Authority has entered into several long-term contracts for improvements to its parking facilities. As of June 30, 2007 there was approximately \$3,970,000 of commitments outstanding for improvements to unrestricted facilities and approximately \$1,729,000 of commitments outstanding for improvements to restricted facilities.

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 the transaction, \$885,147 were paid from bond proceeds. The total amount deferred on refunding was \$2,656,510 consisting of unamortized Series 1991 bond issuance costs and discounts of \$2,038,410 and a call premium of \$618,100.

Subsidies

The City has historically subsidized various non-related party activities through General Fund expenditures for culture and recreation and development. The amount subsidized for fiscal-year-ended June 30, 2007 was \$1.9 million which included \$410,400 for the Shubert Performing Arts Center, \$900,000 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.

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

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 \$1,950,000, 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, 2007. 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.

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, 2007. 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 general long-term debt account group in the amount of \$30,869,725. 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.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2007

Note 15 - Risk Management (Continued)

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

		<u>Self-Insurance Reserve Fund</u>			
Fiscal Year Ended	\$	Claims Payable July 1	Claims and Changes In Estimates	Claims Paid	Claims Payable June 30
2007		5,864,098	1,934,447	3,459,482	4,339,063
2006		7,480,960	2,730,925	4,347,787	5,864,098

		<u>Medical Self-Insurance Fund</u>			
Fiscal Year Ended	\$	Claims Payable July 1	Claims and Changes In Estimates	Claims Paid	Claims Payable June 30
2007		5,090,030	62,840,164	62,774,166	5,156,028
2006		4,129,600	61,942,381	60,981,951	5,090,030

		<u>Workers' Compensation Account</u>			
Fiscal Year Ended	\$	Claims Payable July 1	Claims and Changes In Estimates	Claims Paid or Transferred	Claims Payable June 30
2007		28,665,664	9,612,161	7,408,100	30,869,725
2006		30,484,612	4,906,955	6,725,903	28,665,664

Other Post-Employment Benefits

In addition to the pension benefits described in Note 12, the City provides post-employment health care benefits, in accordance with collective bargaining agreements and Connecticut General Statutes, to retirees between the age of 55 and 65. Currently, 4,265 retirees meet those eligibility requirements. Expenditures for postretirement health care benefits are recognized as incurred. During the year ended June 30, 2007, expenditures of \$14,827,675 were recognized for post-retirement health care.

Note 16 – Related Party Transactions

The City conducts activity with the New Haven Parking Authority (the "Parking Authority"). One of the individuals who serve on the Board of Commissioners of the Parking Authority is also an employee of the City. This individual monitors the functioning of the Parking Authority on behalf of the City and provides input from the City on various matters. All members of the Parking Authority's Board of Commissioners are appointed by the Mayor of New Haven.

Related party account balances at June 30 are as follows:

	2007	2006
Accounts Payable and Accrued Expenses to the City from the Authority	\$ 33,049	12,195

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 16 – Related Party Transactions (Continued)

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>2007</u>	<u>2006</u>
Under Air Rights	\$ 84,000	84,000
Dwight and Orchard	112,800	112,800
Howe and Dwight	84,000	84,000
State Street Surface Lots	13,194	7,212
Sherman and Tyler	8,000	
	<u>\$ 301,994</u>	<u>288,012</u>

Note 17 – Discontinued Operations – Component Units

New Haven Coliseum Authority

The New Haven Coliseum Authority (The Authority) ceased operations on 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.

Note 18 – Subsequent Events

Bond Anticipation Notes

On July 18, 2007, the City issued \$35,000,000 in bond anticipation notes (BAN's) maturing on February 17, 2008 at the interest rate of 4.45%. The BAN's were issued for various capital projects. General obligation bonds will be issued to pay off the BAN.

Lawsuit

On December 20, 2007 the City lost a discrimination lawsuit filed by a City employee. The employee was awarded a judgment in the amount of \$500,000. The City is responsible for the first \$100,000 of the award. The remaining award would be covered by insurance. However, the majority of the award is for punitive damages and the insurance coverage amount of those punitive damages is unknown as of the date of this report. The City faces a possible liability for the full amount of the award. The City intends to vigorously appeal the decision.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 18 – Subsequent Events (Continued)

Pronouncements Issued, Not Yet Effective (Continued)

The Governmental Accounting Standards Board (GASB) has issued two pronouncements prior to June 30, 2007 that have effective dates that may impact future financial presentations and have not been implemented as of June 30, 2007

GASB Statement No. 43, *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans* establishes uniform financial reporting standards for OPEB plans and the required schedules (RSI) that provide actuarially determined historical trend information from a long-term perspective does not apply as of June 30, 2007, to the City of New Haven whose OPEB plan is not "Held in Trust".

The following statement is expected to have a significant impact on the financial statements:

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued June 2004, will be effective for the City with its fiscal year ending June 30, 2008. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

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CITY OF NEW HAVEN, CONNECTICUT

GENERAL FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

Cash And Cash Equivalents	\$	24,563,830
Investments		2,113,233
Receivables:		
Property Taxes (Net of Allowance For Uncollectibles)		2,560,291
Other		5,624,547
State and Federal Grants		64,417,847
Due From Other Funds		30,231,450
Prepaid Expenses		<u>4,504</u>
Total Assets	\$	<u>129,515,702</u>

LIABILITIES AND FUND EQUITY

Accounts Payable	\$	17,726,841
Accrued Liabilities		8,397,522
Deferred Revenue		61,021,492
Unearned Revenue		232,133
Other Liabilities		12,481,764
Due To Other Funds		<u>14,933,400</u>
Total Liabilities	\$	<u>114,793,152</u>
Fund Equity:		
Unreserved:		
Undesignated	\$	<u>14,722,550</u>
Total Fund Equity	\$	<u>14,722,550</u>
Total Liabilities and Fund Equity	\$	<u>129,515,702</u>

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Current City Taxes:				
Real Estate	\$ 144,119,460	143,956,011	143,956,011	-
Personal Property	18,483,194	18,620,272	18,620,272	-
Motor Vehicle	12,251,678	12,064,542	12,064,542	-
Supplemental	1,500,000	2,212,077	2,212,077	-
Current Interest	1,000,000	800,000	800,000	-
Total Current City Taxes	\$ 177,354,332	177,652,902	177,652,902	-
Total Tax Collection Initiatives				
Real & Personal Property Initiatives	\$ -	1,135,696	1,135,696	-
Total Tax Collection Initiatives	\$ -	1,135,696	1,135,696	-
Delinquent City Taxes				
Real & Personal Property	\$ 924,692	1,250,000	1,250,000	-
Interest & Penalties	924,692	599,384	599,384	-
Total Delinquent City Taxes	\$ 1,849,384	1,849,384	1,849,384	-
Total Property Taxes	\$ 179,203,716	180,637,982	180,637,982	-
Education Grants:				
Education Cost Sharing	\$ 128,491,056	128,296,594	128,296,594	-
State Aid for Construction & Reconstruction	7,881,040	7,878,917	7,878,917	-
School Transportation	4,487,220	4,087,909	4,087,909	-
Education of the Legally Blind	300,000	213,663	213,663	-
Health Services - Non-Public Schools	75,000	94,368	94,368	-
Total Education Grants	\$ 141,234,316	140,571,451	140,571,451	-
Other Government Grants:				
PILOT - State Property	\$ 4,666,495	4,648,351	4,648,351	-
PILOT - Colleges & Hospitals	37,851,336	37,897,139	37,897,139	-
Distressed Cities Exemption	200,000	338,812	338,812	-
Tax Relief for the Elderly Freeze	65,000	54,039	54,039	-
Homeowners Tax Relief - Elderly Circuit Breaker	400,000	416,732	416,732	-
Reimbursements for Low Income Veterans	65,000	62,408	62,408	-
Reimbursements for the Disabled	10,000	10,830	10,830	-
Low Income Tax Abatement Program	442,000	322,770	322,770	-
PILOT - Boats	33,783	33,783	33,783	-
PILOT - Machinery & Equipment	1,100,000	1,146,680	1,146,680	-
Shell Fish	37,861	58,714	58,714	-
Pequot Funds	10,978,265	10,619,837	10,619,837	-
Town Aid for Roads	663,351	614,983	614,983	-
One Time Surplus Revenue Sharing	3,201,924	3,201,924	3,201,924	-
Total Other Government Grants	\$ 59,715,015	59,427,002	59,427,002	-

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues: (Continued)				
Licenses, Permits & Other Fees:				
Other Agencies	\$ 37,000	43,143	43,143	-
Map/Bid Documents	15,000	18,787	18,787	-
Office of Technology	5,000	6,237	6,237	-
Parks - Lighthouse Admissions & Concessions	125,000	141,325	141,325	-
Parks - Carousel & Building	7,000	6,333	6,333	-
Parks - Other Fees	45,000	40,552	40,552	-
Town Clerk/City Clerk	975,000	807,098	807,098	-
Police Service	85,000	118,801	118,801	-
Animal Shelter	7,000	3,121	3,121	-
Fire Service	38,500	41,170	41,170	-
Health Services	237,000	290,763	290,763	-
Registrar of Vital Statistics	288,000	314,720	314,720	-
Public Works - Public Space, Licenses & Permits	148,000	213,982	213,982	-
Public Works - Evictions	1,500	2,225	2,225	-
Residential Parking Permits	14,500	22,169	22,169	-
Traffic & Parking Meter Receipts	3,870,589	3,543,837	3,543,837	-
Building Inspections	8,200,000	11,421,546	11,421,546	-
Refuse Licenses		2,040	2,040	-
High School Athletics	25,000	20,127	20,127	-
Total Licenses, Permits & Other Fees	\$ 14,124,089	17,057,976	17,057,976	-
Investment Income:				
Interest Income	\$ 2,000,000	4,447,214	4,447,214	-
Total Investment Income	\$ 2,000,000	4,447,214	4,447,214	-
Received From Fines:				
Superior Court	\$ 7,000	30,035	30,035	-
Parking Tags	4,000,000	4,535,865	4,535,865	-
Delinquent Parking Tag Collections	1,068,293			-
Police False Alarms/Registration	35,000	31	31	-
Public Works - Public Space Violations	10,000	7,316	7,316	-
Fines	75,000	49,861	49,861	-
Total Received From Fines	\$ 5,195,293	4,623,108	4,623,108	-
Payment in Lieu of Taxes (PILOT)				
Telecommunications Property Tax	\$ 1,733,833	1,075,020	1,075,020	-
South Central Regional Water Authority	691,487	736,332	736,332	-
Air Rights Garage - Temple Medical	32,955	34,753	34,753	-
52 Howe Street	50,000	54,563	54,563	-
Hospital of St. Raphael	8,993	10,203	10,203	-
Ninth Square	580,065	580,065	580,065	-
Total Payment in Lieu of Taxes	\$ 3,097,333	2,490,936	2,490,936	-
Other Taxes & Assessments:				
Real Estate Conveyance Tax	\$ 2,000,000	3,152,708	3,152,708	-
Yale Payment For Fire Services	2,307,460	2,307,460	2,307,460	-
Air Rights Garage	183,333	200,000	200,000	-
Total Other Taxes & Assessments	\$ 4,490,793	5,660,168	5,660,168	-

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues: (Continued)				
Miscellaneous:				
Parks Employee Rent	\$ 7,000	9,868	9,868	-
Misc. Community Development Rents	310,000	407,530	407,530	-
Parking Space Rent	4,600	4,338	4,338	-
Off Track Betting (OTB)	1,400,000	1,256,498	1,256,498	-
Controllers	950,000	422,446	422,446	-
Personal Motor Vehicles Reimbursements	30,000	22,429	22,429	-
Neighborhood Preservation Loan Payments	94,000	38,974	38,974	-
Welfare Department	19,000	25,533	25,533	-
Non - Profits	3,087,750	2,934,841	2,934,841	-
1-95 Highway Expansion	125,000	108,118	108,118	-
GNHWPCA - PILOT	609,000	912,600	912,600	-
Sale of Capital Assets		1,105,495	1,105,495	-
Total Miscellaneous Revenue	\$ 6,636,350	7,248,670	7,248,670	-
Total Budgetary Revenues	\$ 415,696,905	422,164,507	422,164,507	-
Budgetary Revenues are different from GAAP Revenue because:				
State of Connecticut "on-behalf" contributions to the Connecticut State Teachers Retirement System for Town Teachers are not budgeted.			13,876,910	
Total Revenues and other financing uses as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds - Exhibit D.			<u>\$ 436,041,417</u>	

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Expenditures:				
Current:				
General Government:				
Mayor and Administration	\$ 1,429,033	1,511,790	1,511,790	-
Board of Alderman	739,535	674,793	674,793	-
Corporation Counsel	2,110,561	1,856,987	1,856,987	-
Development	5,276,043	5,229,334	5,229,334	-
Finance	9,192,298	8,919,065	8,919,065	-
Tax and Assessors	608,279	470,561	470,561	-
General Government Other	2,623,585	1,732,011	1,732,011	-
Human Resources	894,575	823,317	823,317	-
Office of Technology	1,281,787	1,237,294	1,237,294	-
Liability - Self Insurance	4,104,500	4,078,071	4,078,071	-
Total General Government	\$ 28,260,196	26,533,223	26,533,223	-
Public Safety:				
Police	\$ 33,386,756	34,685,398	34,685,398	-
Fire	27,011,480	28,504,415	28,504,415	-
Total Public Safety	\$ 60,398,236	63,189,813	63,189,813	-
Public Works:				
Department of Public Works	\$ 11,783,728	12,533,946	12,533,946	-
Engineering	3,078,120	3,035,544	3,035,544	-
Traffic and Parking	2,025,218	2,017,445	2,017,445	-
Total Public Works	\$ 16,887,066	17,586,935	17,586,935	-
Public Services:				
Health & Welfare	\$ 7,911,974	7,839,371	7,839,371	-
Total Public Services	\$ 7,911,974	7,839,371	7,839,371	-
Cultural & Recreation:				
Cultural & Recreation	\$ 8,970,458	8,659,659	8,659,659	-
Total Cultural & Recreation	\$ 8,970,458	8,659,659	8,659,659	-
Employee Benefits:				
Pension, Medicare & Social Security	\$ 26,051,850	26,472,700	26,472,700	-
Employee Insurance	51,218,892	53,118,047	53,118,047	-
Total Employees Benefits	\$ 77,270,742	79,590,747	79,590,747	-
Education	\$ 165,003,877	166,071,530	166,071,530	-
Total Education	\$ 165,003,877	166,071,530	166,071,530	-

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Debt Service:				
Principal	\$ 31,009,563	32,636,388	32,636,388	-
Interest	19,984,793	18,357,968	18,357,968	-
Total Debt Service	\$ 50,994,356	50,994,356	50,994,356	-
Total Expenditures	\$ 415,696,905	420,465,634	420,465,634	-

Budgetary Expenditures are different from GAAP Expenditures because:

State of Connecticut "on-behalf" payments to the Connecticut State
Teachers Retirement System for Town Teachers are not budgeted. 13,876,910

Total Expenditures and other financing uses as reported in the statement
of revenues, expenditures and changes in fund balance - governmental
funds - Exhibit D. \$ 434,342,544

CITY OF NEW HAVEN, CONNECTICUT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

	Special Revenue Funds		
	Improvement	Human Resources	Redevelopment Agency
ASSETS			
Cash and Cash Equivalents	\$ 3,611,173	3,551,505	1,734,754
Investments			
Receivables, Net	14,000	83,791	2,426
Receivables From Other Governments		69,470	
Due From Other Funds		262,744	
Prepaid Expenses			
Other Assets			
Total Assets	\$ 3,625,173	3,967,510	1,737,180
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 39,370	180,569	52,485
Accrued Liabilities		77,775	
Retainage Payable	75,500		14,943
Due To Other Funds	89,544	2,792,153	33,523
Unearned Revenue	19,785		
Deferred Revenue	185,460		
Other Liabilities			
Total Liabilities	\$ 409,659	3,050,497	100,951
Fund Balances:			
Reserved for:			
Encumbrances	\$ 2,991,298	3,608,987	2,037,523
Other Purposes			
Unreserved	224,216	(2,691,974)	(401,294)
Total Fund Balances	\$ 3,215,514	917,013	1,636,229
Total Liabilities and Fund Balances	\$ 3,625,173	3,967,510	1,737,180

SCHEDULE 4

Special Revenue Funds			Permanent Funds	Total Non-major Governmental Funds (See Exhibit C)
Other	Other ETF	Total		
3,065,356	860,831	12,823,619	529,834	13,353,453
	1,350,056	1,350,056	3,183,116	4,533,172
137,715	49,031	286,963		286,963
408,885		478,355		478,355
86,744		349,488		349,488
<u>3,698,700</u>	<u>2,259,918</u>	<u>15,288,481</u>	<u>3,712,950</u>	<u>19,001,431</u>
463,192		735,616		735,616
35,780		113,555		113,555
		90,443		90,443
1,028,712	16,546	3,960,478		3,960,478
		19,785		19,785
90,836		276,296		276,296
	<u>1,299,181</u>	<u>1,299,181</u>	<u>459,487</u>	<u>1,758,668</u>
<u>1,618,520</u>	<u>1,315,727</u>	<u>6,495,354</u>	<u>459,487</u>	<u>6,954,841</u>
892,843		9,530,651		9,530,651
<u>1,187,337</u>	<u>944,191</u>	<u>(737,524)</u>	<u>3,253,463</u>	<u>2,515,939</u>
<u>2,080,180</u>	<u>944,191</u>	<u>8,793,127</u>	<u>3,253,463</u>	<u>12,046,590</u>
<u>3,698,700</u>	<u>2,259,918</u>	<u>15,288,481</u>	<u>3,712,950</u>	<u>19,001,431</u>

CITY OF NEW HAVEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue Funds		
	Improvement	Human Resources	Redevelopment Agency
Revenues:			
Intergovernmental	\$ 1,295,246	10,590,194	1,710,842
Investment Earnings	7,250	17,193	25,774
Other	35,798	1,918,187	1,000
Total Revenues	\$ 1,338,294	12,525,574	1,737,616
Expenditures:			
Current:			
Education	\$		
General Government			
Public Works	1,096,523		
Public Services		10,605,801	339,175
Other Expenditures			
Capital Outlay			
Total Expenditures	\$ 1,096,523	10,605,801	339,175
Excess (Deficiency) of Revenues Over Expenditures	\$ 241,771	1,919,773	1,398,441
Other Financing Sources (Uses):			
Transfer In	\$	1,000,000	
Transfer Out			
Total Other Financing Sources (Uses)	\$ -	1,000,000	-
Net Change in Fund Balances	\$ 241,771	2,919,773	1,398,441
Fund Balances - Beginning	2,973,743	(2,002,760)	237,788
Fund Balances - Ending	\$ 3,215,514	917,013	1,636,229

SCHEDULE 5

Special Revenue Funds			Permanent Funds	Governmental Funds (See Exhibit D)
Other	Other ETF	Total		
2,130,919		15,727,201		15,727,201
32,604	19,918	102,739		102,739
<u>2,520,285</u>	<u>133,604</u>	<u>4,608,874</u>	<u>391,347</u>	<u>5,000,221</u>
<u>4,683,808</u>	<u>153,522</u>	<u>20,438,814</u>	<u>391,347</u>	<u>20,830,161</u>
		-		-
4,732,107		4,732,107		4,732,107
		1,096,523		1,096,523
		10,944,976		10,944,976
		-		-
		-		-
<u>4,732,107</u>	<u>-</u>	<u>16,773,606</u>	<u>-</u>	<u>16,773,606</u>
<u>(48,299)</u>	<u>153,522</u>	<u>3,665,208</u>	<u>391,347</u>	<u>4,056,555</u>
		1,000,000		1,000,000
		-		-
<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
<u>(48,299)</u>	<u>153,522</u>	<u>4,665,208</u>	<u>391,347</u>	<u>5,056,555</u>
<u>2,128,479</u>	<u>790,669</u>	<u>4,127,919</u>	<u>2,862,116</u>	<u>6,990,035</u>
<u>2,080,180</u>	<u>944,191</u>	<u>8,793,127</u>	<u>3,253,463</u>	<u>12,046,590</u>

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CITY OF NEW HAVEN, CONNECTICUT

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2007**

	<u>Self-Insurance Reserve</u>	<u>Medical Self-Insurance</u>	<u>Worker's Compensation</u>	<u>Total (See Exhibit G)</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 4,437	2,370,760	100,676	2,475,873
Receivables, Net		468,361	16,110	484,471
Due From Other Funds				-
Other Receivables		3,265,118		3,265,118
Total Current Assets	<u>\$ 4,437</u>	<u>6,104,239</u>	<u>116,786</u>	<u>6,225,462</u>
Total Assets	<u>\$ 4,437</u>	<u>6,104,239</u>	<u>116,786</u>	<u>6,225,462</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 9,881	989,231		999,112
Due To Other Funds	9,795,508	1,962	2,027,254	11,824,724
Accrued Estimated Healthcare Claims		5,156,028		5,156,028
Claims and Judgments	1,302,000			1,302,000
Other Liabilities	7,665	233	567,195	575,093
Total Current Liabilities	<u>\$ 11,115,054</u>	<u>6,147,454</u>	<u>2,594,449</u>	<u>19,856,957</u>
Noncurrent Liabilities:				
Claims and Judgments	\$ 3,037,063			3,037,063
Total Liabilities	<u>\$ 14,152,117</u>	<u>6,147,454</u>	<u>2,594,449</u>	<u>22,894,020</u>
NET ASSETS				
Unrestricted	\$ (14,147,680)	(43,215)	(2,477,663)	(16,668,558)
Total Net Assets	<u>\$ (14,147,680)</u>	<u>(43,215)</u>	<u>(2,477,663)</u>	<u>(16,668,558)</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2007**

	<u>Self-Insurance Reserve</u>	<u>Medical Self-Insurance</u>	<u>Workers' Compensation</u>	<u>Total (See Exhibit H)</u>
Operating Revenues:				
Employer's Contribution	\$ 2,500,000	55,002,063	6,937,666	64,439,729
Charges For Services		9,134,633		9,134,633
Miscellaneous		2,015,472	79,115	2,094,587
Total Operating Revenues	<u>\$ 2,500,000</u>	<u>66,152,168</u>	<u>7,016,781</u>	<u>75,668,949</u>
Operating Expenses:				
Insurance Claims and Expenses	\$ 3,605,407	66,195,383	7,408,100	77,208,890
Total Operating Expenses	<u>\$ 3,605,407</u>	<u>66,195,383</u>	<u>7,408,100</u>	<u>77,208,890</u>
Operating Income (Loss)	<u>\$ (1,105,407)</u>	<u>(43,215)</u>	<u>(391,319)</u>	<u>(1,539,941)</u>
Non-Operating Revenues (Expenses):				
Investment Earnings	\$ 14	-	-	14
Change In Net Assets	<u>\$ (1,105,393)</u>	<u>(43,215)</u>	<u>(391,319)</u>	<u>(1,539,927)</u>
Net Assets - Beginning	<u>(13,042,287)</u>	<u></u>	<u>(2,086,344)</u>	<u>(15,128,631)</u>
Net Assets - Ending	<u>\$ (14,147,680)</u>	<u>(43,215)</u>	<u>(2,477,663)</u>	<u>(16,668,558)</u>

CITY OF NEW HAVEN, CONNECTICUT

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2007**

	<u>Self-Insurance Reserve</u>	<u>Medical Self-Insurance</u>	<u>Workers' Compensation</u>	<u>Total (See Exhibit I)</u>
Cash Flows From Operating Activities:				
City's Contribution	\$ 2,500,000	55,002,063	7,327,181	64,829,244
Cash Received From Users (Including Other Funds)		9,367,622		9,367,622
Internal Activity - Payments From (To) Other Funds	2,657,707	(509,681)	(585,467)	1,562,559
Claims and Other Expenses Paid	(5,156,494)	(65,217,902)	(7,040,905)	(77,415,301)
Other Receipts		2,051,460	79,115	2,130,575
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,213</u>	<u>693,562</u>	<u>(220,076)</u>	<u>474,699</u>
Cash Flows From Investing Activities:				
Interest and Dividends	\$ 14			14
Net Cash Provided By Investing Activities	<u>\$ 14</u>	<u>-</u>	<u>-</u>	<u>14</u>
Net Increase (Decrease) In Cash and Cash Equivalents	\$ 1,227	693,562	(220,076)	474,713
Balances - Beginning Of The Year	<u>3,210</u>	<u>1,677,198</u>	<u>320,752</u>	<u>2,001,160</u>
Balances - End Of The Year	<u>\$ 4,437</u>	<u>2,370,760</u>	<u>100,676</u>	<u>2,475,873</u>
Reconciliation Of Operating Income To Net Cash Provided (Used) By Operating Activities:				
Operating Income (Loss)	\$ (1,105,407)	(43,215)	(391,319)	(1,539,941)
Change In Assets And Liabilities:				
(Increase) Decrease In Receivables, Net		268,977	389,515	658,492
(Increase) Decrease In Due From Other Funds		(504,775)		(504,775)
Increase (Decrease) In Accrued Estimated Healthcare Payments		65,998		65,998
Increase (Decrease) In Claims and Judgments	(1,525,035)			(1,525,035)
Increase (Decrease) In Accounts Payable and Other	(26,052)	911,483	367,195	1,252,626
Increase (Decrease) In Due To Other Funds	2,657,707	(4,906)	(585,467)	2,067,334
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,213</u>	<u>693,562</u>	<u>(220,076)</u>	<u>474,699</u>

CITY OF NEW HAVEN, CONNECTICUT

COMBINING STATEMENT OF EMPLOYEE RETIREMENT FUND NET ASSETS
 FIDUCIARY FUNDS
 AS OF JUNE 30, 2007

	<u>City Employees' Retirement Fund</u>	<u>Policemen's and Firemen's Retirement Fund</u>
ASSETS		
Cash and Short - Term Investments	\$ 2,940,892	16,784,394
Interest and Dividends Receivable	466,844	962,051
Accounts Receivable	1,489,724	980,869
Due From Other Funds		8,073
Total	<u>\$ 4,897,460</u>	<u>18,735,387</u>
Investments, At Fair Value:		
Government Agency	770,136	4,140,498
Government Bonds	6,501,535	19,438,721
Municipal Bonds	614,884	1,536,875
Government Mortgages	9,745,784	20,976,997
Indexed Linked Government Bonds	853,178	1,138,891
Other Fixed Income (MFB/NTGI Govt.)	18,300,084	
Government Issued Commercial Backed Mortgage Securities	227,145	91,956
Preferred Stock		
Common Stock	144,973,329	188,665,908
Commercial Backed Mortgages	205,251	1,690,069
Corporate Bonds	7,767,347	23,959,270
Corporate Convertible Bond		
Asset Backed Securities	1,055,329	2,128,596
Convertible Bonds		158,572
Venture Capital Partnerships		19,260,080
Real Estate Investments		4,297,600
Other Fixed Income (MFB/NTGI Corp.)	11,725,821	
Non-Government Backed Bonds	6,160,939	1,081,648
Total Investments	<u>\$ 208,900,762</u>	<u>288,565,681</u>
Total Assets	<u>\$ 213,798,222</u>	<u>307,301,068</u>
LIABILITIES		
Accounts Payable		
Accrued Liabilities	\$ 4,427,655	3,690,300
Total Liabilities	<u>80,031</u>	<u>131,165</u>
	<u>\$ 4,507,686</u>	<u>3,821,465</u>
NET ASSETS		
Held In Trust For Pension Benefits	<u>\$ 209,290,536</u>	<u>303,479,603</u>

SCHEDULE 9

<u>Other Retirement Fund</u>	<u>Interfund Eliminations</u>	<u>Combined Employee Retirement Funds (See Exhibit J)</u>
1,255,251		20,980,537
4,809		1,433,704
776		2,471,369
		8,073
<u>1,260,836</u>	<u>-</u>	<u>24,893,683</u>
		4,910,634
		25,940,256
		2,151,759
		30,722,781
		1,992,069
		18,300,084
		319,101
262,065		333,901,302
		1,895,320
		31,726,617
		-
		3,183,925
		158,572
		19,260,080
		4,297,600
		11,725,821
		7,242,587
<u>262,065</u>	<u>-</u>	<u>497,728,508</u>
<u>1,522,901</u>	<u>-</u>	<u>522,622,191</u>
		8,117,955
		211,196
<u>-</u>	<u>-</u>	<u>8,329,151</u>
<u>1,522,901</u>	<u>-</u>	<u>514,293,040</u>

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**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2007**

	<u>City Employees' Retirement Fund</u>	<u>Policemen's and Firemen's Retirement Fund</u>	<u>Other Retirement Fund</u>	<u>Combined Employee Retirement Funds (See Exhibit K)</u>
ADDITIONS				
Contributions:				
Employer Contributions	\$ 9,623,649	13,481,000	148,850	23,253,499
Plan Members	3,225,131	5,870,413		9,095,544
Plan Members Buybacks	10,445	33,834		44,279
Total Contributions	<u>\$ 12,859,225</u>	<u>19,385,247</u>	<u>148,850</u>	<u>32,393,322</u>
Investment Earnings:				
Net Increase (Decrease) In Fair Value of Investments	\$ 23,652,159	37,604,440	25,971	61,282,570
Interest	3,740,919	5,581,197	63,757	9,385,873
Dividends	2,091,233	2,531,384	11,877	4,634,494
Total Investment Income (Loss)	<u>\$ 29,484,311</u>	<u>45,717,021</u>	<u>101,605</u>	<u>75,302,937</u>
Less: Investment Expenses:				
Investment Management Fees	678,933	1,470,210		2,149,143
Legal Fees	42,299	43,722		86,021
Interest Expense		52,010		52,010
Net Investment Earnings	<u>\$ 28,763,079</u>	<u>44,151,079</u>	<u>101,605</u>	<u>73,015,763</u>
TOTAL ADDITIONS	<u>\$ 41,622,304</u>	<u>63,536,326</u>	<u>250,455</u>	<u>105,409,085</u>
DEDUCTIONS				
Benefits	\$ 21,048,547	28,174,402	52,372	49,275,321
TOTAL DEDUCTIONS	<u>\$ 21,048,547</u>	<u>28,174,402</u>	<u>52,372</u>	<u>49,275,321</u>
Net Increase (Decrease)	<u>\$ 20,573,757</u>	<u>35,361,924</u>	<u>198,083</u>	<u>56,133,764</u>
Net Assets - Beginning of Year	<u>188,716,779</u>	<u>268,117,679</u>	<u>1,324,818</u>	<u>458,159,276</u>
Net Assets - End of Year	<u>\$ 209,290,536</u>	<u>303,479,603</u>	<u>1,522,901</u>	<u>514,293,040</u>

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

For the Year Ended June 30, 2007

Total Tax Collections (Including Interest and Lien Fees)
For The Year Ended June 30, 2007

Reimbursement For Revenue Loss On:
Elderly Tax Relief

Base

	<u>General Purpose</u>	<u>Schools</u>
Debt Limitation:		
2 1/4 Times Base	\$ 406,557,047	
4 1/2 Times Base		813,114,095
3 3/4 Times Base		
3 1/4 Times Base		
3 Times Base		
7 Times Base		
	<hr/>	<hr/>
Total Debt Limitation	\$ 406,557,047	813,114,095
	<hr/>	<hr/>
Indebtedness:		
Bonds Payable	\$ 168,557,899	309,073,862
School Grants Receivable		(59,769,496)
Bonds Authorized and Unissued		225,125,548
	<hr/>	<hr/>
Total Indebtedness of the City	\$ 168,557,899	474,429,914
	<hr/>	<hr/>
Component Unit Indebtedness:		
New Haven Parking Authority	21,210,000	
	<hr/>	<hr/>
Total Indebtedness	\$ 189,767,899	474,429,914
	<hr/>	<hr/>
Debt Limitation In Excess of Outstanding and Authorized Debt	\$ 216,789,148	338,684,181
	<hr/> <hr/>	<hr/> <hr/>

SCHEDULE 11

\$ 180,637,982

54,039

\$ 180,692,021

Sewers	Urban Renewal	Pension Bonding	Total
677,595,079	587,249,068	542,076,063	<u>1,264,844,147</u>
<u>677,595,079</u>	<u>587,249,068</u>	<u>542,076,063</u>	<u>1,264,844,147</u>
27,821	13,236,928		490,896,510 (59,769,496) <u>225,125,548</u>
<u>27,821</u>	<u>13,236,928</u>	-	<u>656,252,562</u>
			<u>21,210,000</u>
<u>27,821</u>	<u>13,236,928</u>	-	<u>677,462,562</u>
<u><u>677,567,258</u></u>	<u><u>574,012,140</u></u>	<u><u>542,076,063</u></u>	<u><u>587,381,585</u></u>

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
 YEAR ENDED JUNE 30, 2007

Grand List Year	Balance Uncollected August 31, 2006	Current Levy	Additions (Deletions)	Transfers To Suspense	Adjusted Tax Receivable
1990	\$ 45,070		(45,070)		-
1991	96,543		(32,311)		64,232
1992	135,719		(27,355)		108,364
1993	157,305		(29,553)		127,752
1994	140,780		(19,224)		121,556
1995	152,505		(25,907)		126,598
1996	184,398		(31,082)		153,316
1997	167,455		(36,954)		130,501
1998	164,560		(33,613)		130,947
1999	173,142		(39,820)		133,322
2000	180,670		(38,473)		142,197
2001	271,822		(67,164)		204,658
2002	350,888		(47,367)		303,521
2003	1,289,429		(24,842)	(739,390)	525,197
2004	2,521,918		73,676	(1,212,461)	1,383,133
Prior Years					
Total	\$ 6,032,204	-	(425,059)	(1,951,851)	3,655,294
2005	-	181,235,726	(1,706,518)		179,529,208
	\$ 6,032,204	181,235,726	(2,131,577)	(1,951,851)	183,184,502

SCHEDULE 12

	Collections			Balance Uncollected June 30, 2007
	General Taxes	Interest and Fees	Total	
			-	-
101	245	346	64,131	
101	245	346	108,263	
100	227	327	127,652	
100	650	750	121,456	
385	1,133	1,518	126,213	
6,483	10,581	17,064	146,833	
11,470	17,059	28,529	119,031	
22,585	26,389	48,974	108,362	
26,108	29,599	55,707	107,214	
25,437	24,962	50,399	116,760	
27,564	22,560	50,124	177,094	
76,606	31,986	108,592	226,915	
195,083	78,400	273,483	330,114	
815,537	168,677	984,214	567,596	
1,207,660	412,713	1,620,373	2,447,634	
176,093,542	793,694	176,887,236	3,435,666	
<u>177,301,202</u>	<u>1,206,407</u>	<u>178,507,609</u>	<u>5,883,300</u>	

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