

TOWN OF HADDAM, CONNECTICUT



Basic Financial Statements

For The Year Ended
June 30, 2011

TOWN OF HADDAM, CONNECTICUT
BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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BASIC FINANCIAL STATEMENTS
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Independent Auditors' Report



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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Haddam, Connecticut (the Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Haddam, Connecticut, as of June 30, 2011 and the respective changes in financial position 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 November 29, 2011 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 10 and the schedule of funding progress on page 42 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules and trend information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The trend information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Blum, Shapiro & Company, P.C.

November 29, 2011

**Management's
Discussion and
Analysis**



Management's Discussion and Analysis For the Year Ended June 30, 2011

As management of the Town of Haddam, we offer readers of the Town of Haddam's financial statements this narrative overview and analysis of the financial activities of the Town of Haddam for the fiscal year ended June 30, 2011.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$22,593,857 (*net assets*). Of this amount, \$6,188,472 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$1,638,438. This was due substantially to an increase in positive operations of the General Fund, and donated infrastructure capital assets.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,302,751, an increase of \$1,168,594 in comparison with the prior year. This increase is the positive operating results of the General Fund of \$546,788 and increase in available resources for the Road Fund and the new Transfer Station fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,571,591, an increase of \$546,788 in comparison with the prior year. This represents 9.3% percent of total General Fund expenditures and transfers out.
- Long-term liabilities decreased by a net of \$65,390 due to the payment of scheduled capital lease payments and a decrease of the landfill liability closure costs due to beginning of the closure project.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Haddam's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The *statement of net assets* and *statement of activities* report information for the Town as whole and attempt to present information in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the *financial* health, or position of the Town, is improving or deteriorating.

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Other nonfinancial factors that should be considered are changes in the Town's property tax base and the condition of the Town's roads to fully assess the overall health of the Town.

The *statement of activities* presents information showing how the Town's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and long-term liabilities).

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, and culture and recreation.

Fund financial statements. The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by State law and others by grants agreements or Board of Finance action. However, the Town establishes many other funds to help it maintain control and manage resources that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance related legal requirements for using certain grants. All of the funds of the Town can be divided into two categories: governmental 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 inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the capital nonrecurring fund, which are considered to be major funds. Data from the other 11 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in Exhibits B-1 and B-2 in this report.

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Fiduciary funds. The Town is the trustee, or fiduciary, for its employees' and volunteer firefighters pension plans. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets (Exhibits VI and VII). We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found in Exhibits B-1 and B-2 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. The Town's combined net assets increased by 1.9% from a year ago, increasing from \$20,955,419 to \$22,593,857.

By far the largest portion of the Town's net assets (72.2%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN OF HADDAM
SUMMARY STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Governmental Activities	
	2011	2010
Current and other assets	\$ 8,497,599	\$ 8,302,632
Capital assets, net	16,538,489	16,050,649
Total assets	<u>25,036,088</u>	<u>24,353,281</u>
Long-term liabilities	1,866,927	1,932,317
Other liabilities	575,304	1,465,545
Total liabilities	<u>2,442,231</u>	<u>3,397,862</u>
Invested in capital assets, net of related debt	16,317,621	15,755,793
Restricted	87,764	48,867
Unrestricted	<u>6,188,472</u>	<u>5,150,759</u>
Total Net Assets	<u>\$ 22,593,857</u>	<u>\$ 20,955,419</u>

A portion of the Town's net assets (0.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (27.4%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities increased the Town's net assets by \$1,638,438. Key elements of this increase are as follows:

**TOWN OF HADDAM
CHANGES IN NET ASSETS**

	Governmental Activities	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 346,358	\$ 437,054
Operating grants and contributions	1,483,498	1,550,295
Capital grants and contributions	1,028,344	1,817,785
General revenues:		
Property taxes	24,872,125	23,938,914
Grants and contributions not restricted to specific programs	216,196	223,728
Unrestricted investment earnings	36,014	75,386
Other general revenues	2,144	3,252
Total revenues	<u>27,984,679</u>	<u>28,046,414</u>
Expenses:		
General government	2,355,631	2,547,120
Public safety	1,056,072	1,043,980
Public works	2,564,669	3,700,466
Health and welfare	352,571	339,877
Miscellaneous organizations/recreation	540,592	536,160
Education	19,463,675	19,468,254
Interest on long-term debt	13,031	20,194
Total expenses	<u>26,346,241</u>	<u>27,656,051</u>
Change in net assets	1,638,438	390,363
Net Assets, Beginning of Year	<u>20,955,419</u>	<u>20,565,056</u>
Net Assets, End of Year	<u>\$ 22,593,857</u>	<u>\$ 20,955,419</u>

Governmental activities (continued)

- Operating grants decreased by \$66,797 (4%). The decrease was due to decreased State funding for education. The Federal stimulus monies (ARRA) were provided directly to the Board of Education. In Haddam's case, the monies were sent directly to Regional School District No. 17, which provided the Town's education services. It should be noted that Town's contribution to Regional School District No. 17 was reduced by the same amount.
- Capital grants and contributions decreased by \$789,441 (43%). This was due to the reduction as compared to prior year of the donation to the Town of completed roads by developers.
- Government-wide expenditures decreased in by \$1,309,810 (4.7%). The majority of this decrease was the decrease in public works expenses of \$1,135,797 due to the reduction of the expenditures for road construction and the decrease in depreciation expense.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,302,751. The Town's components of fund balance are as follows: 1) Nonspendable for loans under the federal Small Cities program (\$86,338), 2) restricted for grants (\$87,764), committed for capital projects, debt service and other special revenue activities (\$3,557,058), and unassigned of \$2,571,591 in the General Fund.

The total fund balance increased by \$1,168,594, which was a result of positive General Fund operations of \$546,788, and increases of resource available for the Road Fund and new Transfer Station funds capital project funds.

The General Fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,571,591. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 9.3% of total General Fund expenditures and transfers out.

The fund balance of the Town's General Fund increased by \$546,788 during the current fiscal year. Key factors were as follows:

- Tax revenue collections exceeded estimates by \$220,852; however, this additional revenue was offset by decreases in intergovernmental state aid of (\$243,901). In total, revenues were \$90,892 less than budgeted. The increase in fund balance was attributable to the Town expending less than budgeted by \$637,680.
- The Town realized savings in the Assessor's budget of \$56,579 due to the completion of revaluation for less than the amount budgeted.
- Town Counsel line item was \$50,400 under budget due to the reduction in required legal representation.
- Savings of \$89,073 were realized for insurance and benefits to experience ratings and reduced costs.
- Education was also under budget by \$246,611 as an offset to the reduction in intergovernmental revenues discussed above.

Capital Nonrecurring Fund. This fund accounts for the Town's annual budget appropriations that is the funding for the Town's five-year capital plan. The five-year capital plan includes funding for purchases and items that are reserved for specific approved projects. Currently there are approximately 40 separate projects, with many projects funded over multiple years. The Capital Projects fund's expenditures exceeded its revenues and transfers by \$213,196. During the year, \$419,362 was transferred to the newly approved project and related fund for the Landfill Closure and Transfer Station Project. The total fund balance at June 30, 2011 was \$1,214,540.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were an increase of \$19,950. The increases in budget were for the transfer of the Dog Fund to the General Fund.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental type activities as of June 30, 2010, amounts to \$16,538,489 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, land improvements, vehicles, machinery and equipment, sewer lines, roads, bridges, sidewalks and system storm drains. The total increase in the Town's investment in capital assets for the current fiscal year was \$487,840 (3.0%). This increase is largely due to the donation of roads to the Town by developers and increase in construction on progress for road projects. Only those assets that cost \$5,000 or more with a useful life exceeding one year are capitalized. Assets costing less than \$5,000 are expensed.

Major capital asset events during the current fiscal year included the following:

- Donated roads from developers of \$551,250
- Purchase of a fire truck and public work vehicles \$445,730

**TOWN OF HADDAM
CAPITAL ASSETS - NET**

	Governmental Activities	
	2011	2010
Land	\$ 920,252	\$ 920,252
Land improvements	914,598	916,694
Construction in progress	680,263	534,094
Buildings and improvements	3,903,824	4,021,326
Machinery and equipment	702,725	801,927
Infrastructure	7,938,896	7,644,811
Motor vehicles	1,477,931	1,211,545
	<hr/>	<hr/>
Total	\$ <u>16,538,489</u>	\$ <u>16,050,649</u>

Additional information on the Town's capital assets can be found in Note 5.

Long-term debt. At the end of the current fiscal year, the Town had total debt outstanding of \$220,870. All debt is backed by the full faith and credit of the Town.

**TOWN OF HADDAM
LONG-TERM LIABILITIES**

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Capital Lease Payable	\$ <u>220,868</u>	\$ <u>294,856</u>

The Town does not currently have any bonds outstanding and, therefore, does not have a bond rating as of June 30, 2011.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$174,173,846, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 7.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town is currently 6.4%, which is an increase from a rate of 4.0% a year ago. The Town's rate is favorable as compared to the State rate of 9.1% and comparable to the Hartford Labor Market rate of 9.1%. While Connecticut is still in line with the national average of 9.5%, the overall trend has been clearly negative and job losses are predicted to increase through 2011.
- The Town is under even greater fiscal pressure from voter opposition in the tax levy. Voter opposition remains regardless of the fact that the Town has no control over its significant revenue sources other than property taxes. The Town faces cost increases from contractual obligations as well as fixed costs, and the continued failed budgets will only result in loss of services, personnel and infrastructure improvements.

All of these factors were considered in preparing the Town's budget for the 2011-2012 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chairman, Board of Finance, Town of Haddam, 30 Field Park Drive, Haddam, CT 06438.

**Basic
Financial
Statements**

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 6,517,094
Investments	42,891
Receivables:	
Property taxes, net of allowance for uncollectibles of \$100,000	1,112,929
Interest, net of allowance for uncollectibles of \$300,000	506,615
Other	318,070
Capital assets:	
Nondepreciable	1,600,515
Depreciable, net	14,937,974
Total assets	<u>25,036,088</u>
Liabilities:	
Accounts payable	543,078
Accrued salaries and benefits payable	22,226
Unearned revenue	10,000
Noncurrent liabilities:	
Due within one year	57,606
Due in more than one year	1,809,321
Total liabilities	<u>2,442,231</u>
Net Assets:	
Invested in capital assets, net of related debt	16,317,621
Restricted:	
General Government	28,521
Health and Welfare	59,243
Unrestricted	<u>6,188,472</u>
Total Net Assets	<u>\$ 22,593,857</u>

The accompanying notes are an integral part of the financial statements

EXHIBIT II

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 2,355,631	\$ 319,985	\$ 1,500	\$ 52,131	\$ (1,982,015)
Public safety	1,056,072	19,990			(1,036,082)
Public works	2,564,669	6,383		976,213	(1,582,073)
Health and welfare	352,571				(352,571)
Culture and recreation	540,592				(540,592)
Education	19,463,675		1,481,998		(17,981,677)
Interest expense	13,031				(13,031)
Total Governmental Activities	\$ 26,346,241	\$ 346,358	\$ 1,483,498	\$ 1,028,344	(23,488,041)
General revenues:					
Property taxes, levied for general purposes					24,872,125
Grants and contributions not restricted to specific programs					216,196
Unrestricted investment earnings					36,014
Miscellaneous					2,144
Total general revenues					<u>25,126,479</u>
Change in Net Assets					1,638,438
Net Assets at Beginning of Year					<u>20,955,419</u>
Net Assets at End of Year					<u>\$ 22,593,857</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF HADDAM, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,889,901	\$ 257,080	\$ 370,113	\$ 6,517,094
Investments		18,376	24,515	42,891
Receivables:				
Property taxes	1,212,929			1,212,929
Intergovernmental receivable	212,951			212,951
Other	18,781		86,338	105,119
Due from other funds	<u>775,221</u>	<u>1,917,790</u>	<u>2,177,776</u>	<u>4,870,787</u>
Total Assets	<u>\$ 8,109,783</u>	<u>\$ 2,193,246</u>	<u>\$ 2,658,742</u>	<u>\$ 12,961,771</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 543,078	\$	\$	\$ 543,078
Accrued salaries and benefits payable	22,226			22,226
Unearned revenue	1,212,929		10,000	1,222,929
Due to other funds	<u>3,759,959</u>	<u>978,706</u>	<u>132,122</u>	<u>4,870,787</u>
Total liabilities	<u>5,538,192</u>	<u>978,706</u>	<u>142,122</u>	<u>6,659,020</u>
Fund balances:				
Nonspendable			86,338	86,338
Restricted			87,764	87,764
Committed		1,214,540	2,342,518	3,557,058
Unassigned	<u>2,571,591</u>			<u>2,571,591</u>
Total fund balances	<u>2,571,591</u>	<u>1,214,540</u>	<u>2,516,620</u>	<u>6,302,751</u>
Total Liabilities and Fund Balances	<u>\$ 8,109,783</u>	<u>\$ 2,193,246</u>	<u>\$ 2,658,742</u>	<u>\$ 12,961,771</u>

(Continued on next page)

**TOWN OF HADDAM, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2011**

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

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because of the following:

Total fund balances for governmental funds (Exhibit III)	\$ 6,302,751
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	\$ 57,391,621
Less accumulated depreciation and amortization	<u>(40,853,132)</u>
Total capital assets, net	16,538,489
Some of the Town's taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the governmental funds.	1,212,929
Allowance for uncollectible taxes not reported in the governmental funds.	(100,000)
Accrued interest on property taxes, net, is not susceptible to accrual and, therefore, is not reported in the governmental funds.	506,615
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported in the funds:	
Capital leases	(220,868)
Net pension obligation	(431,007)
Landfill closure and post closure costs	(1,177,282)
Other	<u>(37,770)</u>
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 22,593,857</u>

The accompanying notes are an integral part of the financial statements

TOWN OF HADDAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 24,955,511	\$	\$	\$ 24,955,511
Intergovernmental	2,002,255		122,402	2,124,657
Charges for services	343,409		57,207	400,616
Income from investments	32,200	2,252	1,300	35,752
Total revenues	<u>27,333,375</u>	<u>2,252</u>	<u>180,909</u>	<u>27,516,536</u>
Expenditures:				
Current:				
General government	2,200,767		28,778	2,229,545
Public safety	786,289			786,289
Public works	2,136,751		14,116	2,150,867
Health and welfare	352,571			352,571
Culture and recreation	502,753			502,753
Education	19,463,675			19,463,675
Debt service:				
Principal and interest payments	87,019			87,019
Capital outlays		559,346	215,877	775,223
Total expenditures	<u>25,529,825</u>	<u>559,346</u>	<u>258,771</u>	<u>26,347,942</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,803,550</u>	<u>(557,094)</u>	<u>(77,862)</u>	<u>1,168,594</u>
Other Financing Sources (Uses):				
Transfers in	6,498	763,260	919,362	1,689,120
Transfers out	(1,263,260)	(419,362)	(6,498)	(1,689,120)
Total other financing sources (uses)	<u>(1,256,762)</u>	<u>343,898</u>	<u>912,864</u>	<u>-</u>
Net Change in Fund Balances	546,788	(213,196)	835,002	1,168,594
Fund Balances at Beginning of Year	<u>2,024,803</u>	<u>1,427,736</u>	<u>1,681,618</u>	<u>5,134,157</u>
Fund Balances at End of Year	<u>\$ 2,571,591</u>	<u>\$ 1,214,540</u>	<u>\$ 2,516,620</u>	<u>\$ 6,302,751</u>

(Continued on next page)

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

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

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

Net change in fund balances for governmental funds (Exhibit IV) \$ 1,168,594

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 and amortization expense. The amount by which depreciation exceeded capital outlays in the current period is as follows:

Capital outlay	\$	694,756	
Depreciation expense		(758,166)	
Net adjustment		(63,410)	(63,410)

Contributed capital assets increase net assets in the statement of net activities, but do not appear in the governmental funds because they are not financial resources. 551,250

Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.

Change in net pension obligation			(96,571)
Other long term liability			30,255
Change in landfill closure and post closure costs			57,718

Interest on property taxes receivable are not susceptible to accrual and, therefore, are only reported as revenue in the funds when the cash is received by the Town. The change in interest receivable during the year increased revenues recognized in the funds. 25,608

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred revenues in the governmental funds.

Change in deferred revenue			(108,994)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The net effect of these differences in the treatment of long-term obligations is as follows:

Principal repayments on capital leases			73,988
--	--	--	--------

Change in Net Assets of Governmental Activities \$ 1,638,438

The accompanying notes are an integral part of the financial statements

TOWN OF HADDAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes, interest and lien fees	\$ 24,734,659	\$ 24,734,659	\$ 24,955,511	\$ 220,852
Intergovernmental	2,246,156	2,246,156	2,002,255	(243,901)
Charges for services	375,000	394,950	343,409	(51,541)
Interest income	55,000	55,000	32,200	(22,800)
Total revenues	<u>27,410,815</u>	<u>27,430,765</u>	<u>27,333,375</u>	<u>(97,390)</u>
Expenditures:				
Current:				
General government	2,576,902	2,514,924	2,200,767	314,157
Public safety	786,221	830,999	786,289	44,710
Public works	2,117,745	2,154,245	2,136,751	17,494
Health and welfare	358,291	358,941	352,571	6,370
Culture and recreation	511,089	511,089	502,753	8,336
Education	19,710,286	19,710,286	19,463,675	246,611
Debt service	87,021	87,021	87,019	2
Total expenditures	<u>26,147,555</u>	<u>26,167,505</u>	<u>25,529,825</u>	<u>637,680</u>
Excess of revenues over expenditures	<u>1,263,260</u>	<u>1,263,260</u>	<u>1,803,550</u>	<u>540,290</u>
Other financing sources (uses):				
Transfers in			6,498	6,498
Transfers out	<u>(1,263,260)</u>	<u>(1,263,260)</u>	<u>(1,263,260)</u>	<u>-</u>
Total other financing uses	<u>(1,263,260)</u>	<u>(1,263,260)</u>	<u>(1,256,762)</u>	<u>6,498</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	546,788	<u>\$ 546,788</u>
Fund Balance at Beginning of Year			<u>2,024,803</u>	
Fund Balance at End of Year			<u>\$ 2,571,591</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF HADDAM, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2011

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$	\$ 473,886
Investments:		
Mutual funds	<u>4,042,528</u>	<u> </u>
Total assets	<u>4,042,528</u>	\$ <u><u>473,886</u></u>
Liabilities:		
Due to others	<u> </u>	\$ <u>473,886</u>
Total liabilities	<u>-</u>	\$ <u><u>473,886</u></u>
Net Assets		
Held in trust for pension benefits	\$ <u><u>4,042,528</u></u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Pension Trust Funds</u>
Additions:	
Employer contributions	\$ 262,000
Investment gains:	
Change in the fair value of investments	<u>665,321</u>
Total additions	<u>927,321</u>
Deductions:	
Benefit payments	<u>225,486</u>
Change in Net Assets	701,835
Net Assets at Beginning of Year	<u>3,340,693</u>
Net Assets at End of Year	<u><u>\$ 4,042,528</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Haddam, Connecticut, was incorporated in 1668. The Town operates under the Board of Selectmen, Town Meeting and Board of Finance form of government and provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning and zoning, and general administrative services to its residents. The Town is a member of Regional School District No. 17 (the District) along with the Town of Killingworth. The District provides education for grades K-12.

The basic financial statements of the Town include only the funds of the Town, as no component units exist based on operational or financial relationships with the Town.

B. Government-Wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds use the accrual basis of accounting but have no measurement focus since they report only assets and liabilities.

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

Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the Town.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town reports the following major governmental funds:

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

Capital Nonrecurring Fund - This fund is to account for the projects approved as part of the Town's five-year capital plan.

In addition, the Town reports the following fiduciary fund types:

Pension Trust Funds - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the following plans: The Town of Haddam Retirement Plan and the Town of Haddam Volunteer Firefighters' Merit Service Retirement Plan.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets held for performance bonds. This fund accounts for monies received to ensure that driveways, lawns and roads are installed to correct specifications for new home construction.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments.

Investments are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

F. Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 for equipment, \$20,000 for building improvements and \$20,000 for infrastructure, and an estimated useful life of at least five years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	50
Buildings and improvements	40 - 75
Machinery and equipment	5 - 25
Motor vehicles	5 - 15
Infrastructure	30 - 50

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

H. Net Pension Obligation

The net pension obligation represents the cumulative difference between the annual pension cost and the Town's contributions to the plans. This amount is calculated on an actuarial basis and is recorded as a noncurrent liability in the government-wide financial statements.

I. Equity

Equity in the government-wide financial statements is defined as "net assets" and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The equity of the fund financial statements is defined as "fund balance" and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories, loans and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Haddam Board of Finance).

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Board of Finance.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

The Town does not have a minimum fund balance policy.

J. Property Taxes

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, 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.

Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest and lien fees of \$100,000 and \$300,000, respectively, as of June 30, 2011.

Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period. Property taxes receivable outstanding as of the end of the fiscal year are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent year's assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

K. 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 and disclosures in the financial statements. Actual results could differ from those estimates.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- At the annual Town Meeting in May, at which taxpayer comments are obtained, the proposed operating budget for the fiscal year commencing July 1 is presented. The operating budget, which is prepared by fund, function and department, includes proposed expenditures and the means of financing them.
- Prior to July 1, the budget is legally enacted at a Town Meeting.
- The Board of Selectmen is authorized to transfer budgeted amounts within departments. Transfers of budgeted amounts between departments must be approved by the Board of Finance. The Board of Finance can approve additional appropriations for a department provided such additional appropriations do not exceed \$20,000, or is a second request. Appropriations in excess of \$20,000 must be submitted to a Town Meeting for approval. Management of the Town is not authorized to transfer budgeted amounts or to approve additional appropriations. During the year, there were additional General Fund appropriations from additional revenue sources of \$19,950.
- The Regional School District is responsible for the administration of the Board of Education budget.
- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on the modified accrual basis of accounting.
- The legal level of control, the level at which expenditures may not legally exceed appropriations, is at the department level. For the year ended June 30, 2011, there were no instances where expenditures exceeded appropriations at the department level (the legal level of control) of the General Fund.

B. Capital Project Authorizations

The following is the authorization, cumulative expenditures and the balance for the transfer station project:

<u>Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2011</u>
\$ 3,205,000	\$ 83,755	\$ 3,121,245

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

A. Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$6,014,605 of the Town’s bank balance of \$6,907,636 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,382,403
Uninsured and collateralized with securities held by the pledging bank’s trust department or agent but not in the Town’s name	<u>632,202</u>
	<u>\$ 6,014,605</u>

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

B. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2011, the Town's cash equivalents amounted to \$100,707. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor's</u>
State Tax Exempt Proceeds Fund	AAA
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management - Connecticut CLASS Plus	AAAm

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

C. Investments

As of June 30, 2011, the Town's investments consisted of the following:

<u>Investment type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
			<u>N/A</u>	<u>Less Than 1</u>	<u>1 to 5</u>
Mutual funds:					
Equity mutual funds	N/A	\$ 2,380,306	\$ 2,380,306	\$	\$
Bond mutual funds	**	1,487,117			1,487,117
Real estate mutual funds	N/A	175,105	175,105		
Certificates of deposit	N/A	42,891		42,891	
		<u>\$ 4,085,419</u>	<u>\$ 2,555,411</u>	<u>\$ 42,891</u>	<u>\$ 1,487,117</u>

** Bond mutual funds credit rating:

AAA	\$ 214,591
AA	6,989
A	82,535
BBB	28,553
BB	14,871
B	7,138
Nonrated	<u>1,132,440</u>
	<u>\$ 1,487,117</u>

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the Town has separately disclosed its Pension Trust Fund investments, as these investments have greater risk exposures than the Town's investments. As of June 30, 2011, the Pension Trust Fund investments totaled \$4,042,528 and consisted of mutual funds investing in equity, bonds and real estate securities.

Government-wide statement of net assets:	
Investments	\$ 42,891
Statement of fiduciary net assets:	
Investments - Pension Trust Funds	<u>4,042,528</u>
	<u>\$ 4,085,419</u>

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

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Credit Risk - The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut State Statutes. Connecticut State Statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The Pension Trust Funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2011. The Town does not have a policy for custodial credit risk.

Concentrations of Credit Risk - The Town places no limit on the amount of investment in any one issuer. More than 5% of the Town's investments are in certificates of deposit and the Short-Term Investment Fund. More than 5% of the Pension Trust Fund investments are in mutual funds, but are not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

4. DEFERRED REVENUE

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 1,212,929	\$
Grant drawdowns prior to meeting all eligibility requirements	<u> </u>	<u>10,000</u>
	<u>\$ 1,212,929</u>	<u>\$ 10,000</u>

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 920,252	\$	\$	\$ 920,252
Construction in progress	534,094	476,276	330,107	680,263
Total capital assets not being depreciated	<u>1,454,346</u>	<u>476,276</u>	<u>330,107</u>	<u>1,600,515</u>
Capital assets being depreciated:				
Land improvements	1,054,808	20,423		1,075,231
Buildings and improvements	5,759,528	30,370		5,789,898
Machinery and equipment	1,822,800	52,064		1,874,864
Infrastructure	42,841,252	551,250		43,392,502
Motor vehicles	3,212,881	445,730		3,658,611
Total capital assets being depreciated	<u>54,691,269</u>	<u>1,099,837</u>	<u>-</u>	<u>55,791,106</u>
Less accumulated depreciation for:				
Land improvements	138,114	22,519		160,633
Buildings and improvements	1,738,202	147,872		1,886,074
Machinery and equipment	1,020,873	151,266		1,172,139
Infrastructure	35,196,441	257,165		35,453,606
Motor vehicles	2,001,336	179,344		2,180,680
Total accumulated depreciation	<u>40,094,966</u>	<u>758,166</u>	<u>-</u>	<u>40,853,132</u>
Total capital assets being depreciated, net	<u>14,596,303</u>	<u>341,671</u>	<u>-</u>	<u>14,937,974</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,050,649</u>	<u>\$ 817,947</u>	<u>\$ 330,107</u>	<u>\$ 16,538,489</u>

Depreciation expense was charged to functions of the Town as follows:

Governmental activities:	
General government	\$ 59,770
Public safety	312,039
Public works	348,518
Miscellaneous organizations/recreation	<u>37,839</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 758,166</u>

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances at June 30, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Capital Nonrecurring Fund	\$ 643,099
	Nonmajor Funds	132,122
		<u>775,221</u>
Capital Nonrecurring Fund	General Fund	<u>1,917,790</u>
Nonmajor Funds	General Fund	1,842,169
	Capital Nonrecurring Fund	335,607
		<u>2,177,776</u>
Total		<u>\$ 4,870,787</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2011 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental funds:		
General Fund	Nonmajor funds	\$ <u>6,498</u>
Capital Nonrecurring Fund	General Fund	<u>763,260</u>
Nonmajor funds	General Fund	500,000
	Capital Nonrecurring Fund	419,362
		<u>919,362</u>
		<u>\$ 1,689,120</u>

Transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

7. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 294,856	\$	\$ 73,988	\$ 220,868	\$ 40,600
Net pension obligation	334,436	96,571		431,007	
Landfill closure and post-closure costs	1,235,000		57,718	1,177,282	
Other	68,025		30,255	37,770	17,006
	<u>\$ 1,932,317</u>	<u>\$ 96,571</u>	<u>\$ 161,961</u>	<u>\$ 1,866,927</u>	<u>\$ 57,606</u>

The above liabilities will be liquidated by General Fund appropriations, except for the landfill closure and post-closure, which will be liquidated by the Transfer Station Capital Project Fund.

B. Debt Limitations

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$174,173,846 as of June 30, 2011. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2011.

C. Regional School District Commitments

The Town of Haddam is a member of Regional School District No. 17, which provides education facilities for grades kindergarten through twelve for the towns of Haddam and Killingworth. As of June 30, 2011, the outstanding bonded indebtedness of the District was \$18,375,000. The Town of Haddam's share will be approximately 55% of the outstanding indebtedness, or \$10,106,250. These are general obligations of Regional School District No. 17 and its member towns. However, the Town is not required to record its share in its financial statements.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

D. Capital Leases

A summary of assets acquired through capital leases are as follows as of June 30, 2011:

		<u>Governmental Activities</u>
Motor vehicles	\$	601,478
Less accumulated amortization		<u>238,514</u>
	\$	<u><u>362,964</u></u>

Amortization expense relative to leased property under capital leases totaled \$40,099 for the year ended June 30, 2011 and is included in depreciation and amortization expense disclosed in Note 5.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 are as follows:

<u>Year Ending June 30</u>		<u>Governmental Activities</u>
2012	\$	49,920
2013		49,920
2014		49,920
2015		49,920
2016		<u>49,920</u>
Total minimum lease payments		249,600
Less amount representing interest		<u>28,732</u>
 Present Value of Minimum Lease Payments	 \$	 <u><u>220,868</u></u>

E. Landfill Closure and Post-Closure Care Costs

State and Federal laws and regulations require landfill closures to meet certain standards. The Town has finalized an agreement with the State Department of Environmental Protection for final capping of the landfill and has begun the closing process. Per the agreement with the State, it will be completed by June 30, 2012. Estimated covering costs as of June 30, 2011 are \$817,282 and monitoring costs for the next 30 years at \$12,000 per year are \$360,000. These amounts are based on estimates which are subject to change due to inflation, technology or applicable laws and regulations.

The Town had accumulated \$335,607 toward the payment of the estimated costs in the Transfer Station Capital Project Fund.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

F. Authorized but Unissued

The amount of authorized but unissued bonds for the transfer station project is \$3,205,000.

G. Other

In the course of Town operations, there may be occurrences in which miscellaneous long-term obligations are incurred. These liabilities are recorded when an obligation can be reasonably estimated and has a reasonable probability of becoming due and payable.

8. PENSION PLANS

A. Defined Benefit Plans

The Town maintains two single-employer defined benefit pension plans: The Town of Haddam Retirement Plan (the Town Employees' Pension Plan) and the Town of Haddam Volunteer Firefighters' Merit Service Retirement Plan (the Volunteer Firefighters' Pension Plan) (collectively the Plans). Benefit provisions of the Plans are established and can be amended by the Board of Selectmen. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, the Plans are accounted for in the fiduciary fund financial statements as Pension Trust Funds.

Plan Descriptions

Town Employees' Pension Plan

Each employee of the Town who is scheduled to work at least 30 hours per week for 12 months of the year is eligible to participate in the Plan. The Plan provides retirement benefits as well as death and disability benefits. Participants are 100% vested after seven years. Annual retirement benefits for plan participants are 2% of an employees' final average compensation multiplied by the number of years of credited service, up to a maximum of 30 years. The State of Connecticut Statutes assign the authority to establish and amend the benefit provisions of the plan to the Town of Haddam.

Volunteer Firefighters' Pension Plan

Each volunteer firefighter whose name is on the roster of the Haddam Volunteer Fire Company and the Haddam Neck Volunteer Fire Department as of the effective date of the plan is eligible to participate in the Pension Plan, following one year of credited service. This Plan does not provide disability benefits. Under the provisions of the plan, the Town must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements. Benefits and contributions are established by the Town. The State of Connecticut Statutes assign the authority to establish and amend the benefit provisions of the plan to the Town of Haddam.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Plan Membership

Membership of the Plans consisted of the following at the date of the latest actuarial valuations:

	Town Plan	Firefighters' Plan
Retirees and beneficiaries currently receiving benefits	10	20
Terminated employees entitled to benefits but not yet receiving them	8	34
Active plan members	26	59
	44	113

Summary of Significant Accounting Policies

The Plans are accounted for using the accrual basis of accounting. Employer contributions to the plans are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Investments are recorded at fair value. Short-term investments are reported at cost, which approximate fair value. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Town, with the assistance of a valuation service. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Administrative costs are funded by the Town.

Funding Policy

Contribution requirements of the plan members and the Town are established, and may be amended, by the Board of Selectmen. The Town is required to annually contribute an actuarially determined amount to fund benefits. In addition to actuarially determined contributions, the Town also makes annual installment payments, including interest at 7%, for the cost of service credit granted retroactively to employees before funding began.

For the year ended June 30, 2011, employer contributions to the Town Plan represented 16.3% of covered payroll.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Funded Status

The funded status of each plan as of the most recent actuarial dates is as follows:

	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)
Town Plan	\$ 2,775,873	\$ 3,106,041 *	\$ 330,168	89%	\$ 1,150,309	29%
Firefighters' Plan	994,311	1,488,040 **	493,729	67%	N/A	N/A

* Frozen Initial Liability

** Unit Credit

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
Town Plan:			
2011	\$ 294,688	\$ 187,000	63%
2010	295,860	312,000	105%
2009	186,591	420,834	226%
2008	235,001	125,000	53%
2007	190,042	90,000	47%
2006	241,148	90,000	37%
Firefighters' Plan:			
2011	\$ 82,657	\$ 75,000	91%
2010	101,037	75,000	74%
2009	100,909 *	59,080	59%
2008	65,649	75,000	114%
2007	54,958	-	0%
2006	61,741	75,000	121%

* Increase as a result of a change in benefit formula for each year of credited service after July 1, 2010.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Additional Information and Actuarial Assumptions

	Town Plan	Firefighters' Plan
Valuation date	January 1, 2011	July 1, 2010
Actuarial cost method	Frozen Initial Liability	Unit Credit
Amortization method	Level Dollar	Level Dollar
Remaining amortization period (closed)	14.5	10
Asset valuation method	Fair Value	Fair Value
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	5.00%	N/A

Annual Pension Cost and Net Pension Obligation

	Town Plan	Firefighters' Plan
Annual required contribution	\$ 294,688	\$ 82,657
Interest on net pension obligation	17,781	5,629
Adjustment to annual required contribution	<u>(30,734)</u>	<u>(11,450)</u>
Annual pension cost	281,735	76,836
Contributions made	<u>187,000</u>	<u>75,000</u>
Increase in net pension obligation	94,735	1,836
Net pension obligation, beginning of year	<u>254,019</u>	<u>80,417</u>
Net Pension Obligation, End of Year	<u>\$ 348,754</u>	<u>\$ 82,253</u>

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Three-Year Trend Information

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Town Plan:				
2009	\$ 168,085	\$ 420,834	250.4%	\$ 281,194
2010	284,825	312,000	109.5%	254,019
2011	281,735	187,000	66.4%	348,754
Firefighters' Plan:				
2009	\$ 99,598	\$ 59,080	59.3%	\$ 58,623
2010	96,794	75,000	77.5%	80,417
2011	76,836	75,000	97.6%	82,253

Plan Financial Statements

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2011**

	<u>Pension Trust Funds</u>		
	<u>Town Employees' Pension Plan</u>	<u>Volunteer Firefighters' Pension Plan</u>	<u>Total</u>
ASSETS			
Investments, at fair value	\$ 2,850,044	\$ 1,192,484	\$ 4,042,528
NET ASSETS			
Held in trust for pension benefits	\$ 2,850,044	\$ 1,192,484	\$ 4,042,528

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Pension Plan	Total
Additions:			
Employer contributions	\$ 187,000	\$ 75,000	\$ 262,000
Investment gains:			
Change in the fair value of investments	474,696	190,625	665,321
Total additions	661,696	265,625	927,321
Deductions:			
Benefit payments	158,034	67,452	225,486
Net increase	503,662	198,173	701,835
Net Assets Held in Trust for Pension Benefits:			
Beginning of year	2,346,382	994,311	3,340,693
End of Year	\$ 2,850,044	\$ 1,192,484	\$ 4,042,528

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

9. FUND BALANCES

The components of fund balance for the governmental funds at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Loans receivable	\$ _____	\$ _____	\$ 86,338	\$ 86,338
Restricted for:				
Grants	_____	_____	87,764	87,764
Committed to:				
General government			620,049	620,049
Health and welfare			230,691	230,691
Public works			27,516	27,516
Capital projects		1,214,540	1,439,747	2,654,287
Open space			24,515	24,515
Total committed to	_____	1,214,540	2,342,518	3,557,058
Unassigned	<u>2,571,591</u>	_____	_____	<u>2,571,591</u>
 Total Fund Balances	 <u>\$ 2,571,591</u>	 <u>\$ 1,214,540</u>	 <u>\$ 2,516,620</u>	 <u>\$ 6,302,751</u>

10. COMMITMENTS AND CONTINGENCIES

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by legal counsel to be likely to result in a judgment or judgments that would materially affect the Town's financial position.

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based upon prior experience, Town management believes such disallowance, if any, will not be material.

11. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. Neither the Town nor its insurers have settled any claims that exceeded the Town's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes, for workers' compensation and employer liability coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited by the by-laws.

The Town is also a member in Regional School District No. 17's medical health insurance fund, a public entity risk pool established for the purpose of administering medical benefits for each participating entity in the fund. The Town pays an annual contribution for its coverage. The fund is to be self-sustaining through members' premiums, but reinsures in excess of \$75,000 for each insured occurrence. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining; it is not possible to estimate the amount of such additional assessments.

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies.

12. SUBSEQUENT EVENTS

On September 1, 2011, the Town issued General Bond Anticipation Notes in the amount of \$2,800,000 to finance the planning, engineering and construction of a solid waste transfer station. These bond anticipation notes bear interest at 1.25% and mature on August 30, 2012.

Required Supplementary Information

**TOWN OF HADDAM, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS
JUNE 30, 2011**

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)
Town Plan *						
January 1, 2011	\$ 2,775,873	\$ 3,106,041	\$ 330,168	89%	\$ 1,150,309	29%
January 1, 2010	2,315,555	2,687,852	372,297	86%	1,065,420	35%
January 1, 2009	1,818,174	2,135,949	317,775	85%	922,579	34%
January 1, 2008	2,197,305	2,773,515	576,210	79%	947,795	61%
January 1, 2007	2,002,424	2,486,926	484,502	81%	1,026,187	47%
January 1, 2006	1,766,739	2,164,766	398,027	82%	953,538	42%
* Frozen Initial Liability						
Firefighters' Plan **						
July 1, 2010	\$ 994,311	\$ 1,488,040	\$ 493,729	67%	N/A	N/A
July 1, 2009	878,949	1,415,228	536,279	62%	N/A	N/A
July 1, 2008	1,035,665	1,339,826	304,161	77%	N/A	N/A
July 1, 2007	1,075,422	1,268,356	192,934	85%	N/A	N/A
July 1, 2006	923,144	1,158,097	234,953	80%	N/A	N/A
July 1, 2005	878,196	1,104,544	226,348	80%	N/A	N/A

** Unit Credit

**Combining and
Individual Fund
Statements and
Schedules**

General Fund

TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Taxes, Interest and Lien Fees:				
General property taxes	\$ 24,614,659	\$ 24,614,659	\$ 24,738,525	\$ 123,866
Elderly tax abatement	(90,000)	(90,000)		90,000
Interest and lien fees	170,000	170,000	191,530	21,530
Telecommunications property tax grant	40,000	40,000	25,456	(14,544)
Total taxes, interest and lien fees	<u>24,734,659</u>	<u>24,734,659</u>	<u>24,955,511</u>	<u>220,852</u>
Intergovernmental:				
Education cost sharing	1,728,610	1,728,610	1,481,998	(246,612)
Tax relief for elderly	50,000	50,000	46,550	(3,450)
Boat registrations	7,245	7,245	11,444	4,199
Veterans' exemption	5,730	5,730	4,991	(739)
Mashantucket Pequot grant	18,947	18,947	20,003	1,056
Local capital improvement grant	212,250	212,250	212,951	701
Manufacturing machinery and equipment	5,500	5,500	2,840	(2,660)
PILOT, state owned real property	129,624	129,624	130,368	744
Miscellaneous state and federal	88,250	88,250	91,110	2,860
Total intergovernmental	<u>2,246,156</u>	<u>2,246,156</u>	<u>2,002,255</u>	<u>(243,901)</u>
Charges for Services:				
Licenses and permits	225,000	244,950	213,188	(31,762)
Recording fees	100,000	100,000	63,668	(36,332)
Miscellaneous	50,000	50,000	66,553	16,553
Total charges for services	<u>375,000</u>	<u>394,950</u>	<u>343,409</u>	<u>(51,541)</u>
Interest Income:				
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>32,200</u>	<u>(22,800)</u>
	<u>27,410,815</u>	<u>27,430,765</u>	<u>27,333,375</u>	<u>(97,390)</u>
Other Financing Sources:				
Transfers in			6,498	6,498
Total Revenues and Other Financing Sources	<u>\$ 27,410,815</u>	<u>\$ 27,430,765</u>	<u>\$ 27,339,873</u>	<u>\$ (90,892)</u>

TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
General Government:				
Selectman's office	\$ 257,592	\$ 257,592	\$ 255,236	\$ 2,356
Probate court	1,750	1,750	1,486	264
Elections	47,165	52,992	50,823	2,169
Board of finance	53,410	53,410	45,898	7,512
Assessor	239,284	239,284	182,705	56,579
Board of tax review	10	10		10
Tax collector's office	87,046	87,299	87,298	1
Treasurer's office	13,477	13,477	12,952	525
Town counsel	121,010	126,010	75,610	50,400
Town clerk	113,870	113,870	108,086	5,784
Town hall	8,200	8,692	8,692	-
Town office building	30,253	32,753	26,130	6,623
Town office building annex	8,251	8,251	7,113	1,138
Planning and zoning	6,404	6,404	5,329	1,075
Zoning board of appeals	95	95	90	5
Engineering department	50,030	50,030	39,732	10,298
Wetlands	250	250	50	200
Central services	164,267	164,267	147,068	17,199
Insurance and other benefits	944,795	944,795	855,722	89,073
Long range capital planning	200	200	167	33
Senior center	50,806	50,806	48,186	2,620
Youth center	6,919	8,577	8,577	-
Veterans Museum	8,750	8,550	7,487	1,063
Parades	1,275	6,475	3,155	3,320
Health director/food inspector	63,080	63,080	63,080	-
Economic development	17,500	17,500	2,968	14,532
Land use offices	179,953	179,953	156,014	23,939
Conservation	1,260	1,260	1,113	147
Contingency	100,000	17,292		17,292
Total general government	<u>2,576,902</u>	<u>2,514,924</u>	<u>2,200,767</u>	<u>314,157</u>
Public Safety:				
Fire protection	302,673	302,673	263,968	38,705
Police	252,643	277,471	276,788	683
Animal control	10,000	29,950	29,950	-
Emergency management	1,010	1,010	300	710
Homeland Security	10	10		10
Fire marshal	17,819	17,819	15,676	2,143
Dispatch services	98,802	98,802	98,802	-
Abandoned vehicles	600	600		600
Building department	102,664	102,664	100,805	1,859
Total public safety	<u>786,221</u>	<u>830,999</u>	<u>786,289</u>	<u>44,710</u>
Public Works:				
General labor	595,970	595,970	593,359	2,611
General maintenance	530,000	510,100	504,724	5,376
Street lighting	43,000	40,926	38,008	2,918
Town garage	56,510	56,510	55,924	586
Snow and ice removal	315,000	336,974	336,975	(1)
Fire hydrants	10	10		10
Solid waste disposal	557,245	593,745	587,871	5,874
Tree maintenance	20,010	20,010	19,890	120
Total public works	<u>2,117,745</u>	<u>2,154,245</u>	<u>2,136,751</u>	<u>17,494</u>

(Continued on next page)

TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Health and Welfare:				
Public health	\$ 74,429	\$ 74,429	\$ 74,329	\$ 100
Social services	82,450	82,450	82,450	-
Transportation for the elderly	41,402	42,052	42,052	-
Water pollution & control	15,000	15,000	8,740	6,260
Haddam volunteer ambulance	145,010	145,010	145,000	10
Total public health and welfare	<u>358,291</u>	<u>358,941</u>	<u>352,571</u>	<u>6,370</u>
Culture and Recreation:				
Haddam park and recreation commission	63,844	63,844	56,157	7,687
Regional recreational authority	92,223	92,223	92,223	-
Higganum athletic association	8,000	8,000	7,351	649
Village parks society	3,000	3,000	3,000	-
Little league	7,100	7,100	7,100	-
Middlesex county water	1,729	1,729	1,729	-
Brainerd memorial library	325,893	325,893	325,893	-
Haddam River Days	5,000	5,000	5,000	-
Farmers Market	4,300	4,300	4,300	-
Total culture and recreation	<u>511,089</u>	<u>511,089</u>	<u>502,753</u>	<u>8,336</u>
Education	<u>19,710,286</u>	<u>19,710,286</u>	<u>19,463,675</u>	<u>246,611</u>
Debt Service	<u>87,021</u>	<u>87,021</u>	<u>87,019</u>	<u>2</u>
Total Expenditures	26,147,555	26,167,505	25,529,825	637,680
Other Financing Uses:				
Transfer out	<u>1,263,260</u>	<u>1,263,260</u>	<u>1,263,260</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 27,410,815</u>	<u>\$ 27,430,765</u>	<u>\$ 26,793,085</u>	<u>\$ 637,680</u>

**TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2011**

Grand List Year	Balance Uncollected July 1, 2010	Current Levy	Lawful Corrections		Transfers to Suspense	Balance To Be Collected	Collections				Balance Uncollected June 30, 2011
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2009	\$	\$ 24,653,639	\$ 33,326	\$ 56,260	\$	\$ 24,630,705	\$ 24,322,687	\$ 75,907	\$ 3,013	\$ 24,401,607	\$ 308,018
2008	301,963		1,541	4,727		298,777	198,962	47,735	1,506	248,203	99,815
2007	161,426			3,811	20,529	137,086	80,994	26,755	814	108,563	56,092
2006	52,647			3,295	2,426	46,926	23,472	13,312	284	37,068	23,454
2005	595,728			3,295	49	592,384	15,905	9,078	72	25,055	576,479
2004	22,207			2,659		19,548	4,568	3,259	48	7,875	14,980
2003	17,524			2,530		14,994	756		24	780	14,238
2002	15,189			2,444		12,745	731		24	755	12,014
2001	18,776			2,701		16,075	808		24	832	15,267
2000	20,395			2,615		17,780	908		24	932	16,872
1999	18,621			2,388		16,233	829	6	24	859	15,404
1998	18,326			2,350		15,976	816		24	840	15,160
1997	16,848			2,161		14,687	750		24	774	13,937
1996	15,074			1,933		13,141	671		24	695	12,470
1995	12,710			1,630		11,080	566		24	590	10,514
1994 and prior	9,489			1,274		8,215				-	8,215
	<u>\$ 1,296,923</u>	<u>\$ 24,653,639</u>	<u>\$ 34,867</u>	<u>\$ 96,073</u>	<u>\$ 23,004</u>	<u>\$ 25,866,352</u>	<u>\$ 24,653,423</u>	<u>\$ 176,052</u>	<u>\$ 5,953</u>	<u>\$ 24,835,428</u>	<u>\$ 1,212,929</u>

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*Nonmajor
Governmental
Funds*

**TOWN OF HADDAM, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>Special Revenue Funds</u>					
	<u>Medical Insurance Reserve Fund</u>	<u>Material Testing</u>	<u>Small Cities Escrow Fund</u>	<u>Private Grants</u>	<u>Dog Fund</u>	<u>Historic Documents Preservation</u>
ASSETS						
Cash and cash equivalents	\$ 230,691	\$ 27,516	\$ 59,243	\$ 38,521		\$ 14,142
Loans receivable			86,338			
Due from other funds						
Total Assets	<u>\$ 230,691</u>	<u>\$ 27,516</u>	<u>\$ 145,581</u>	<u>\$ 38,521</u>	<u>\$ -</u>	<u>\$ 14,142</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Unearned revenue	\$	\$	\$	\$ 10,000	\$	\$
Due to other funds						
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable			86,338			
Restricted			59,243	28,521		
Committed	230,691	27,516				14,142
Total fund balances	<u>230,691</u>	<u>27,516</u>	<u>145,581</u>	<u>28,521</u>	<u>-</u>	<u>14,142</u>
Total Liabilities and Fund Balances	<u>\$ 230,691</u>	<u>\$ 27,516</u>	<u>\$ 145,581</u>	<u>\$ 38,521</u>	<u>\$ -</u>	<u>\$ 14,142</u>

(Continued on next page)

**TOWN OF HADDAM, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2011**

	<u>Debt Service</u>	<u>Capital Projects</u>			<u>Total</u>		
	<u>Debt Service Fund</u>	<u>Open Space Fund</u>	<u>Silver Spring Road Fund</u>	<u>Road Fund</u>		<u>Transfer Station</u>	
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$	370,113	
Investments		24,515				24,515	
Loans receivable						86,338	
Due from other funds		<u>605,907</u>	<u>140,079</u>	<u>1,096,183</u>	<u>335,607</u>	<u>2,177,776</u>	
Total Assets	\$	<u><u>605,907</u></u>	\$ <u><u>24,515</u></u>	\$ <u><u>140,079</u></u>	\$ <u><u>1,096,183</u></u>	\$ <u><u>335,607</u></u>	\$ <u><u>2,658,742</u></u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Unearned revenue	\$	\$	\$	\$	\$	10,000	
Due to other funds				132,122		132,122	
Total liabilities		<u>-</u>	<u>-</u>	<u>132,122</u>	<u>-</u>	<u>142,122</u>	
Fund Balances:							
Nonspendable						86,338	
Restricted						87,764	
Committed		<u>605,907</u>	<u>24,515</u>	<u>140,079</u>	<u>964,061</u>	<u>335,607</u>	<u>2,342,518</u>
Total fund balances		<u><u>605,907</u></u>	<u><u>24,515</u></u>	<u><u>140,079</u></u>	<u><u>964,061</u></u>	<u><u>335,607</u></u>	<u><u>2,516,620</u></u>
Total Liabilities and Fund Balances	\$	<u><u>605,907</u></u>	\$ <u><u>24,515</u></u>	\$ <u><u>140,079</u></u>	\$ <u><u>1,096,183</u></u>	\$ <u><u>335,607</u></u>	\$ <u><u>2,658,742</u></u>

**TOWN OF HADDAM, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds					
	Medical Insurance Reserve Fund	Material Testing	Small Cities Escrow Fund	Private Grants	Dog Fund	Historic Documents Preservation
Revenues:						
Intergovernmental	\$	\$	\$	\$ 1,500	\$	\$
Charges for services			52,131			5,076
Interest income	576	173	222	200		
Total revenues	<u>576</u>	<u>173</u>	<u>52,353</u>	<u>1,700</u>	<u>-</u>	<u>5,076</u>
Expenditures:						
Current:						
General government			23,656	1,500		3,622
Public works		14,116				
Capital outlays						
Total expenditures	<u>-</u>	<u>14,116</u>	<u>23,656</u>	<u>1,500</u>	<u>-</u>	<u>3,622</u>
Excess (Deficiency) of Revenues over Expenditures	<u>576</u>	<u>(13,943)</u>	<u>28,697</u>	<u>200</u>	<u>-</u>	<u>1,454</u>
Other Financing Sources (Uses):						
Transfers in						
Transfers out					(6,498)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,498)</u>	<u>-</u>
Net Change in Fund Balances	576	(13,943)	28,697	200	(6,498)	1,454
Fund Balances at Beginning of Year	<u>230,115</u>	<u>41,459</u>	<u>116,884</u>	<u>28,321</u>	<u>6,498</u>	<u>12,688</u>
Fund Balances at End of Year	<u>\$ 230,691</u>	<u>\$ 27,516</u>	<u>\$ 145,581</u>	<u>\$ 28,521</u>	<u>\$ -</u>	<u>\$ 14,142</u>

(Continued on next page)

**TOWN OF HADDAM, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

	Debt Service	Capital Projects			Total	
	Debt Service Fund	Open Space Fund	Silver Spring Road Fund	Road Fund		Transfer Station
Revenues:						
Intergovernmental	\$	\$	\$	\$ 120,902	\$	122,402
Charges for services						57,207
Interest income		129				1,300
Total revenues	-	129	-	120,902	-	180,909
Expenditures:						
Current:						
General government						28,778
Public works						14,116
Capital outlays				132,122	83,755	215,877
Total expenditures	-	-	-	132,122	83,755	258,771
Excess (Deficiency) of Revenues over Expenditures	-	129	-	(11,220)	(83,755)	(77,862)
Other Financing Sources (Uses):						
Transfers in				500,000	419,362	919,362
Transfers out						(6,498)
Total other financing sources (uses)	-	-	-	500,000	419,362	912,864
Net Change in Fund Balances	-	129	-	488,780	335,607	835,002
Fund Balances at Beginning of Year	605,907	24,386	140,079	475,281	-	1,681,618
Fund Balances at End of Year	\$ 605,907	\$ 24,515	\$ 140,079	\$ 964,061	\$ 335,607	\$ 2,516,620

*Fiduciary
Funds*

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2011</u>
Performance Bonds				
Assets:				
Cash	\$ 78,856	\$ 559,826	\$ 164,796	\$ 473,886
Investments	<u>539,793</u>	<u>2,226</u>	<u>542,019</u>	<u>-</u>
Total assets	<u>\$ 618,649</u>	<u>\$ 562,052</u>	<u>\$ 706,815</u>	<u>\$ 473,886</u>
Liabilities:				
Due to others	<u>\$ 618,649</u>	<u>\$ 562,052</u>	<u>\$ 706,815</u>	<u>\$ 473,886</u>

***Trend
Information***

TABLE 1

TOWN OF HADDAM, CONNECTICUT

**NET ASSETS BY COMPONENT
LAST SEVEN YEARS
(UNAUDITED)**

	FISCAL YEAR						
	2011	2010	2009	2008	2007	2006	2005
Invested in capital assets, net of related debt	\$ 16,317,621	\$ 15,755,793	\$ 14,815,567	\$ 15,916,877	\$ 16,107,897	\$ 9,184,834	\$ 8,568,031
Restricted	87,764	48,867					
Unrestricted	<u>6,188,472</u>	<u>5,150,759</u>	<u>5,676,057</u>	<u>5,667,297</u>	<u>5,391,095</u>	<u>5,284,889</u>	<u>4,922,145</u>
Total Net Assets	<u>\$ 22,593,857</u>	<u>\$ 20,955,419</u>	<u>\$ 20,491,624</u>	<u>\$ 21,584,174</u>	<u>\$ 21,498,992</u>	<u>\$ 14,469,723</u>	<u>\$ 13,490,176</u>

(1) Less than ten years of data due to the implementation date of GASB 34.

TOWN OF HADDAM, CONNECTICUT

CHANGES IN NET ASSETS
LAST SEVEN YEARS
(UNAUDITED)

FISCAL YEAR

	2011	2010	2009	2008	2007	2006	2005
Expenses:							
Governmental activities:							
General government	\$ 2,355,631	\$ 2,547,120	\$ 1,929,138	\$ 2,016,661	\$ 2,456,827	\$ 2,001,273	\$ 1,899,177
Public safety	1,056,072	1,043,980	1,188,301	1,220,469	1,124,589	961,663	892,446
Public works	2,564,669	3,700,466	4,108,764	3,305,680	3,139,530	2,035,690	1,989,045
Health and welfare	352,571	339,877	409,605	391,446	321,106	233,214	160,918
Culture and recreation	540,592	536,160	530,433	552,744	435,690	451,744	362,982
Education	19,463,675	19,468,254	20,293,804	18,488,983	17,273,280	15,658,930	14,580,398
Interest expense	13,031	20,194	34,279	42,260	40,839	28,725	
Total Expenses	<u>26,346,241</u>	<u>27,656,051</u>	<u>28,494,324</u>	<u>26,018,243</u>	<u>24,791,861</u>	<u>21,371,239</u>	<u>19,884,966</u>
Program Revenues:							
Governmental activities:							
Charges for services:							
General government	319,985	425,926	419,565	599,345	644,743	682,703	652,498
Public safety	19,990	9,118	10,785	12,345	9,058	12,584	13,618
Public works	6,383	2,010	550	1,360	2,090	6,307	34,408
Culture and recreation			19,004			19,587	18,891
Operating grants and contributions	1,483,498	1,550,295	1,762,836	1,677,879	1,271,973	1,306,653	1,276,245
Capital grants and contributions	1,028,344	1,817,785	287,594	1,027,392	16,190	399,435	242,888
Total Program Revenues	<u>2,858,200</u>	<u>3,805,134</u>	<u>2,500,334</u>	<u>3,318,321</u>	<u>1,944,054</u>	<u>2,427,269</u>	<u>2,238,548</u>
Net Expenses:							
Governmental activities	<u>(23,488,041)</u>	<u>(23,850,917)</u>	<u>(25,993,990)</u>	<u>(22,699,922)</u>	<u>(22,847,807)</u>	<u>(18,943,970)</u>	<u>(17,646,418)</u>
General Revenues and Other Changes in Net Assets:							
Governmental activities:							
Property taxes	24,872,125	23,938,914	23,467,854	21,935,162	21,154,404	19,390,521	17,621,212
Grants and contributions not restricted to specific programs	216,196	223,728	290,385	375,286	288,371	250,159	226,632
Investment income	36,014	75,386	88,462	313,285	332,208	229,638	120,108
Miscellaneous	2,144	3,252	1,054,739	161,371	229,774	53,199	12,879
Total General Revenues and Other Changes in Net Assets	<u>25,126,479</u>	<u>24,241,280</u>	<u>24,901,440</u>	<u>22,785,104</u>	<u>22,004,757</u>	<u>19,923,517</u>	<u>17,980,831</u>
Change in Net Assets	\$ <u>1,638,438</u>	\$ <u>390,363</u>	\$ <u>(1,092,550)</u>	\$ <u>85,182</u>	\$ <u>(843,050)</u>	\$ <u>979,547</u>	\$ <u>334,413</u>

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(1) Less than ten years of data due to the implementation date of GASB 34.

TABLE 3

TOWN OF HADDAM, CONNECTICUT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST SEVEN YEARS
(UNAUDITED)

		FISCAL YEAR						
		<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General fund:								
Committed	\$		\$	\$ 2,072,947	\$ 1,103,034	\$ 1,017,803	\$ 614,442	\$ 1,088,694
Unassigned		<u>2,571,591</u>	<u>2,024,803</u>	<u>2,199,680</u>	<u>3,448,083</u>	<u>2,954,729</u>	<u>2,298,878</u>	<u>1,741,047</u>
54 Total General Fund		<u>2,571,591</u>	<u>2,024,803</u> *	<u>4,272,627</u>	<u>4,551,117</u>	<u>3,972,532</u>	<u>2,913,320</u>	<u>2,829,741</u>
All other governmental funds:								
Nonspendable		86,338	96,338	96,338	96,338	126,585	116,585	142,900
Restricted		87,764	48,867					
Committed		<u>3,557,058</u>	<u>2,964,149</u>	<u>915,168</u>	<u>984,022</u>	<u>1,077,536</u>	<u>1,002,661</u>	<u>1,033,779</u>
Total All Other Governmental Funds		<u>3,731,160</u>	<u>3,109,354</u>	<u>1,011,506</u>	<u>1,080,360</u>	<u>1,204,121</u>	<u>1,119,246</u>	<u>1,176,679</u>
Grand Total	\$	<u><u>6,302,751</u></u>	<u><u>5,134,157</u></u>	<u><u>5,284,133</u></u>	<u><u>5,631,477</u></u>	<u><u>5,176,653</u></u>	<u><u>4,032,566</u></u>	<u><u>4,006,420</u></u>

* Amount reflects reduction of \$1,180,198 reclassified to the Capital Nonrecurring fund as of July 1, 2009

TABLE 4

**TOWN OF HADDAM, CONNECTICUT
REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN YEARS
(UNAUDITED)**

FISCAL YEAR

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues:							
Property taxes	\$ 24,955,511	\$ 23,772,257	\$ 23,260,475	\$ 22,035,328	\$ 21,436,229	\$ 19,223,289	\$ 17,720,281
Intergovernmental	2,124,657	1,944,228	2,340,816	2,463,880	1,576,533	1,956,248	1,745,765
Charges for services	348,485	440,306	453,993	763,427	680,073	726,883	719,415
Income from investments	35,752	75,124	88,462	313,285	332,208	229,638	120,108
Other	52,131	1,250	1,050,649	10,994		40,567	3,987
Total Revenues	27,516,536	26,233,165	27,194,395	25,586,914	24,025,043	22,176,625	20,309,556
Expenditures:							
Current:							
General government	2,229,545	2,430,042	2,613,575	2,271,570	1,957,629	2,191,756	1,603,849
Public safety	786,289	764,676	707,281	734,567	676,517	613,659	582,576
Public works	2,150,867	1,990,610	2,348,543	1,704,170	1,636,839	1,836,369	1,820,973
Health and welfare	352,571	339,877	302,024	291,782	254,649	196,159	149,229
Culture and recreation	502,753	498,885	466,090	452,043	387,991	393,857	348,820
Education	19,463,675	19,468,254	20,293,804	18,488,983	17,273,280	15,658,930	14,580,398
Debt service:							
Principal	73,988	327,236	192,103	188,910	195,118	125,000	-
Interest	13,031	13,417	34,279	42,260	40,839	28,725	-
Capital outlay	775,223	1,220,392	584,040	957,805	659,914	1,506,524	2,011,397
Total Expenditures	26,347,942	27,053,389	27,541,739	25,132,090	23,082,776	22,550,979	21,097,242
Excess (Deficiency) of Revenues over Expenditures	1,168,594	(820,224)	(347,344)	454,824	942,267	(374,354)	(787,686)
Other Financing Sources (Uses):							
Capital lease					165,948	400,500	
Issuance of debt							750,000
Sale of capital assets		877,500					
Transfers in	1,269,758	1,631,707	15,379	10,000	25,900	409,737	36,000
Transfers out	(1,269,758)	(1,631,707)	(15,379)	(10,000)	(25,900)	(409,737)	(36,000)
Total Other Financing Sources (Uses)	-	877,500	-	-	165,948	400,500	750,000
Net Change in Fund Balances	\$ 1,168,594	\$ 57,276	\$ (347,344)	\$ 454,824	\$ 1,108,215	\$ 26,146	\$ (37,686)
Debt Service as a Percentage to Noncapital Expenditures	0.34%	1.32%	0.84%	0.96%	1.05%	0.73%	0.00%

TOWN OF HADDAM, CONNECTICUT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST SEVEN YEARS
(UNAUDITED)

Year Ended June 30	Grand List	Real Estate		Personal Property			Totals			Ratio of Total Assessed Value to Total Estimated Actual Value	Total Direct Rate
		Assessed Value	Estimated Actual Value	Motor Vehicle Assessed Value	Personal Property Assessed Value	Total Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value		
2011	2009	\$ 787,724,543	\$ 1,125,320,776	\$ 58,956,034	\$ 51,565,818	\$ 110,521,852	\$ 157,888,360	\$ 898,246,395	\$ 1,283,209,136	70.00%	27.40
2010	2008	775,879,800	1,108,399,714	56,894,800	53,879,372	110,774,172	158,248,817	886,653,972	1,266,648,531	70.00%	26.40
2009	2007	769,144,310	1,098,777,586	60,163,615	54,670,604	114,834,219	164,048,884	883,978,529	1,262,826,470	70.00%	26.00
2008	2006	750,068,690	1,071,526,700	58,337,890	58,732,898	117,070,788	167,243,983	867,139,478	1,238,770,683	70.00%	25.00
2007	* 2005	731,409,970	1,044,871,386	58,045,061	53,822,489	111,867,550	159,810,786	843,277,520	1,204,682,172	70.00%	25.00
2006	2004	507,460,450	724,943,500	54,023,600	50,744,939	104,768,539	149,669,341	612,228,989	874,612,841	70.00%	31.00
56 2005	2003	493,786,170	705,408,814	49,088,526	48,321,189	97,409,715	139,156,736	591,195,885	844,565,550	70.00%	29.50

* Revaluation performed for Grand List year

TOWN OF HADDAM, CONNECTICUT

**PRINCIPAL TAXPAYERS
2009 GRAND LIST
(UNAUDITED)**

<u>Taxpayer</u>	<u>(1) Assessment</u>	<u>Rank</u>	<u>Percent of Net Taxable Grand List</u>
Connecticut Yankee Atomic Power Company	\$ 38,052,825	1	4.24%
Connecticut Light & Power	29,190,150	2	3.25%
Carmen Coccomo Realty Holdings, LLC	8,258,770	3	0.92%
Riverhouse Properties, LLC	2,524,260	4	0.28%
The Davidson Company	1,979,090	6	0.22%
Touchtone Development Association, LLC	1,856,150	5	0.21%
Bridge Street Associates	1,799,060	7	0.20%
Camp Bethel Association Inc	1,727,070	8	0.19%
Village Plaza LLC	1,150,300	9	0.13%
MJM Land Development	<u>1,100,880</u>	10	<u>0.12%</u>
	<u>\$ 87,638,555</u>		<u>9.76%</u>

Source: Town Assessor Department.

(1) The net taxable grand list as of October 1, 2009 totaled \$898,246,395

TABLE 7

TOWN OF HADDAM, CONNECTICUT
PROPERTY TAX RATES, LEVIES AND COLLECTIONS
LAST SEVEN YEARS
(UNAUDITED)

Year Ended June 30	(1) (2) Tax Rate In Mills	Grand List Of October 1,	Total Adjusted Tax Levy	Net Current Tax Collections	Percent of Current Levy Collected	Total Collections to Date			
						Collections in Subsequent Years	Total Collections	Percentage of Levy Collected	Current Delinquent Balance
2011	27.40	2009	\$ 24,653,639	\$ 24,322,687	98.7%	\$	\$ 24,322,687	98.7%	\$ 330,952
2010	26.40	2008	23,381,524	23,079,561	98.7%	202,148	23,281,709	99.6%	99,815
2009	26.00	2007	22,944,559	22,591,741	97.3%	296,726	22,888,467	99.8%	56,092
2008	25.00	2006	21,607,722	21,272,155	98.4%	312,113	21,584,268	99.9%	23,454
2007	25.00	2005	21,847,411	20,814,348	95.3%	456,584	21,270,932	97.4%	576,479
2006	31.00	2004	19,021,004	18,714,843	98.4%	291,181	19,006,024	99.9%	14,980
2005	29.50	2003	17,512,166	17,237,225	98.4%	260,718	17,497,943	99.9%	14,223

Source: Town Audit Reports.

(1) There are no overlapping of tax rates.

(2) Tax levy is per \$1,000 of the assessed value of taxable property.

TOWN OF HADDAM, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN YEARS
(UNAUDITED)

Year Ended June 30	Long-Term Debt Outstanding			Percentage Of Personal Income	Debt Per Capita
	Notes Payable	Capital Leases	Total		
2011	\$ -	\$ 220,868	\$ 220,868	44.32%	\$ 28
2010	-	294,858	294,858	33.20%	37
2009	250,000	365,317	615,317	N/A	77
2008	375,000	432,420	807,420	N/A	102
2007	500,000	496,330	996,330	N/A	129
2006	625,000	400,500	1,025,500	N/A	132
2005	750,000	-	750,000	N/A	98

NOTE: Details regarding the Town's outstanding debt can be found in the notes to the basic financial statements.

N/A The Town had no debt before fiscal year 2005

TABLE 9

TOWN OF HADDAM, CONNECTICUT

**RATIO OF LONG-TERM DEBT TO NET ASSESSED VALUE AND LONG-TERM DEBT PER CAPITA
LAST SEVEN YEARS
(UNAUDITED)**

Year Ended June 30	(1) Population	(2) Net Assessed Value	(3) General Obligation Bonded Debt/ Notes	Ratio Of Bonded Debt/Notes To Net Assessed Value	Debt Per Capita
2011	7,914	\$ 898,246,395	\$ 220,868	0.02%	\$ 28
2010	7,914	886,653,972	294,858	0.03%	37
2009	7,954	883,978,529	615,317	0.07%	77
2008	7,885	867,139,478	807,420	0.09%	102
2007	7,732	843,277,520	996,330	0.12%	129
2006	7,743	612,228,989	1,025,500	0.17%	132
2005	7,653	591,195,885	750,000	0.13%	98

Sources:

- (1) CT Health Department
- (2) Town Assessor's Department
- (3) From Table 8

TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374 (b)
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Total tax collections (including interest and lien fees) for current year	\$ 24,835,428
Reimbursement for revenue loss on: Tax relief for elderly freeze	<u>46,550</u>
Base for Debt Limitation Computation	<u>\$ 24,881,978</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 55,984,451	\$	\$	\$	\$
4 1/2 times base		111,968,901			
3 3/4 times base			93,307,418		
3 1/4 times base				80,866,429	
3 times base					<u>74,645,934</u>
Total debt limitation	<u>55,984,451</u>	<u>111,968,901</u>	<u>93,307,418</u>	<u>80,866,429</u>	<u>74,645,934</u>
Indebtedness:					
Haddam share of Regional School District No. 17 debt		<u>10,106,250</u>			
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 55,984,451</u>	<u>\$ 101,862,651</u>	<u>\$ 93,307,418</u>	<u>\$ 80,866,429</u>	<u>\$ 74,645,934</u>
The total net indebtedness above amounts to:					<u>\$ 10,106,250</u>
In no event shall total indebtedness exceed seven time the base for debt limitation computation:					<u>\$ 174,173,846</u>

TABLE 11

TOWN OF HADDAM, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST SEVEN YEARS
(UNAUDITED)

Year Ended June 30	Debt Limit	Net Debt Applicable To Limit	Legal Debt Margin	Total Net Debt Applicable
2011	\$ 174,173,846	\$ 10,106,250	\$ 164,067,596	5.80%
2010	165,350,276	11,400,000	153,950,276	6.89%
2009	161,850,892	12,533,500	149,317,392	7.74%
2008	153,551,657	13,037,500	140,514,157	8.49%
2007	149,744,238	13,878,750	135,865,488	9.27%
2006	134,037,064	17,898,280	116,138,784	13.35%
2005	124,328,302	14,621,000	109,707,302	11.76%

TABLE 12

TOWN OF HADDAM, CONNECTICUT

DEMOGRAPHIC STATISTICS
LAST SIX YEARS
(UNAUDITED)

Year Ended	(1) Population	(2) Median Household Income	(3) Median Age	(2) Education Attainment			(4) School Enrollment	(5) Unemployment Percentage
				High School Graduate	Some College	Bachelor Or More		
2011	7,914	\$ 97,892	44	31%	25%	37%	1,353	6.4%
2010	7,914	97,892	44	31%	25%	37%	1,368	4.0%
2009	7,954	97,561	44	31%	27%	34%	1,394	4.7%
2008	7,885	(6)	(6)	(6)	(6)	(6)	1,456	(6)
2007	7,732	88,417	43	31%	27%	34%	1,449	3.6%
2006	7,743	(6)	(6)	(6)	(6)	(6)	1,271	(6)
2005	7,653	78,571	40	31%	27%	34%	1,289	(6)

- (1) Source: State of Connecticut, Department of Public Health and Addiction Services
- (2) Connecticut Economic Resource Center, Inc.
- (3) U.S. Department of Commerce, Bureau of Census
- (4) Regional School District No. 17 annual budget
- (5) Connecticut Labor Department - Research and Statistics
- (6) Information not available

TOWN OF HADDAM, CONNECTICUT

PRINCIPAL EMPLOYERS

JUNE 30, 2011

(UNAUDITED)

Employer	Rank
Regional School District No. 17	1
Brian House, Inc	2
ESC/Marin Environmental	3
Town of Haddam	4
J. C. Products	5

Sources: Connecticut Economic Resource Center, Inc.