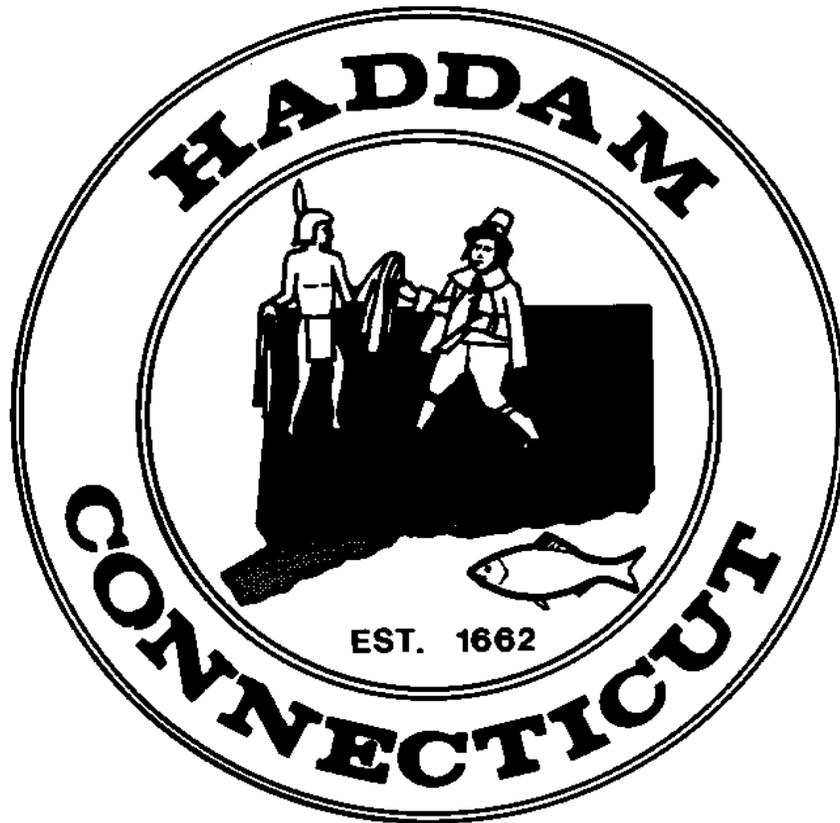


TOWN OF HADDAM, CONNECTICUT



Annual Financial Report

For The Year Ended
June 30, 2013

TOWN OF HADDAM, CONNECTICUT
ANNUAL FINANCIAL REPORT
JUNE 30, 2013

TABLE OF CONTENTS

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-11

Basic Financial Statements

<u>Exhibit</u>		
	<u>Government-Wide Financial Statements</u>	
I	Statement of Net Position	12
II	Statement of Activities	13
	<u>Fund Financial Statements</u>	
III	Balance Sheet - Governmental Funds	14-15
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16-17
V	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	18
VI	Statement of Fiduciary Net Position - Fiduciary Funds	19
VII	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	20
	Notes to the Financial Statements	21-41
	<u>Required Supplementary Information</u>	
RSI-1	Schedule of Funding Progress - Pension Trust Funds	42

Supplemental, Combining and Individual Fund Statements and Schedules

<u>Exhibit</u>		
	<u>General Fund</u>	
A-1	Schedule of Revenues and Other Financing Sources - Budget and Actual - Budgetary Basis - General Fund	43
A-2	Schedule of Expenditures and Other Financing Uses - Budge and Actual - Budgetary Basis - General Fund	44-45
A-3	Schedule of Property Taxes Levied, Collected and Outstanding	46
	<u>Nonmajor Governmental Funds</u>	
B-1	Combining Balance Sheet - Nonmajor Governmental Funds	47-48
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	49-50
	<u>Fiduciary Funds</u>	
C-1	Statement of Changes in Fiduciary Assets and Liabilities - Agency Funds	51

TOWN OF HADDAM, CONNECTICUT
ANNUAL FINANCIAL REPORT
JUNE 30, 2013

<u>Table</u>	<u>Trend Information</u>	
	Financial Trends:	
1	Net Position by Component	52
2	Changes in Net Position	53
3	Fund Balances of Governmental Funds	54
4	Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	55
	Revenue Capacity:	
5	Assessed and Estimated Actual Value of Taxable Property	56
6	Principal Taxpayers	57
7	Property Tax Rates, Levies and Collections	58
	Debt Capacity:	
8	Ratios of Outstanding Debt by Type	59
9	Ratio of Long-Term Debt to Net Assessed Value and Long-Term Debt per Capita	60
10	Schedule of Debt Limitation	61
11	Legal Debt Margin Information	62
	Demographic and Economic Statistics:	
12	Demographic Statistics	63
13	Principal Employers	64

Independent Auditors' Report



Accounting | Tax | Business Consulting

Independent Auditors' Report

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

Report on the Financial Statements

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, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Haddam, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013 and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the schedule of funding progress - Pension Trust Funds on page 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Haddam, Connecticut's basic financial statements. The combining and individual nonmajor fund financial 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 nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013 on our consideration of the Town of Haddam, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Haddam, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 5, 2013

**Management's
Discussion and
Analysis**



Management's Discussion and Analysis For the Year Ended June 30, 2013

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, 2013.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$26,688,463 (*net position*). Of this amount, \$8,282,367 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,283,974. This was due substantially to an increase in positive operations of the General Fund, capital asset activity in excess of depreciation expense 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 \$7,140,419, an increase of \$3,004,971 in comparison with the prior year. This increase is due to positive operating results of the General Fund of \$476,129 and the increase in fund balance for the Transfer Station fund of \$2,488,623 as a result of the bond issued during the year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,671,221, an increase of \$476,129 in comparison with the prior year. This represents 13.1% percent of total General Fund expenditures and transfers out.
- Long-term liabilities increased by a net of \$2,776,960 due to the issuance of bonds of \$2,800,000 offset by payment of scheduled capital lease payments.

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

30 Field Park Drive, Haddam, CT 06438
Phone (860) 345-8531*Fax (860) 345-3730

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 position changed during the fiscal year. All changes in net position 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 12 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, the Capital Nonrecurring fund and the Transfer Station Fund, which are considered to be major funds. Data from the other 9 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 the Town has custody of, but belong to others. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position (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 position may serve over time as a useful indicator of a Town's financial position. The Town's combined net position increased from \$25,404,489 to \$26,688,463.

By far the largest portion of the Town's net position (68.7%) 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 POSITION
JUNE 30, 2013**

	2013	2012
Current and other assets	\$ 9,560,331	\$ 10,436,034
Capital assets, net	21,261,604	20,419,090
Total assets	30,821,935	30,855,124
Long-term liabilities	3,585,813	808,853
Other liabilities	547,659	4,641,782
Total liabilities	4,133,472	5,450,635
Net investment in capital assets	18,323,649	17,438,822
Restricted	82,447	87,060
Unrestricted	8,282,367	7,878,607
Total Net Position	\$ 26,688,463	\$ 25,404,489

A portion of the Town's net position (0.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (31.0%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities increased the Town's net position by \$1,283,974. Key elements of this increase are as follows:

**TOWN OF HADDAM
CHANGES IN NET POSITION**

	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 424,337	\$ 397,182
Operating grants and contributions	1,905,281	1,923,734
Capital grants and contributions	445,476	930,657
General revenues:		
Property taxes	26,202,674	25,321,337
Grants and contributions not restricted to specific programs	140,529	202,899
Unrestricted investment earnings	18,235	29,394
Other general revenues	4,663	128,974
Total revenues	<u>29,141,195</u>	<u>28,934,177</u>
Expenses:		
General government	2,506,887	2,472,043
Public safety	1,178,583	1,195,176
Public works	2,340,587	1,412,438
Health and welfare	296,389	329,147
Miscellaneous organizations/recreation	582,330	535,359
Education	20,918,591	20,170,062
Interest on long-term debt	33,854	9,320
Total expenses	<u>27,857,221</u>	<u>26,123,545</u>
Change in net position	1,283,974	2,810,632
Net Position, Beginning of Year	<u>25,404,489</u>	<u>22,593,857</u>
Net Position, End of Year	<u>\$ 26,688,463</u>	<u>\$ 25,404,489</u>

Governmental activities (continued)

- Capital grants and contributions decreased by \$485,181 due to the decrease as compared to prior year of the donation to the Town of completed roads by developers.
- Education expenses increased by \$748,529 due to the increase in the percentage of the Regional School District No. 17's budget that is allocated to the Town. The allocation is based upon enrollment.
- Public works expenses increased by \$928,149 due to the decrease in the road reconstruction projects being capitalized as compared to prior year. This is as a result of increased maintenance project as compared to reconstruction projects.

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 \$7,140,419. The Town's components of fund balance are as follows: 1) Nonspendable for loans under the federal Small Cities program (\$103,542), 2) restricted for grants (\$82,447), committed for capital projects, the transfer station and other special revenue activities (\$2,677,302), assigned for debt service (\$605,907) and unassigned of \$3,671,221.

The total fund balance increased by \$3,004,971, which was a result of positive General Fund operations of \$476,129, and positive operations of the Transfer Station fund due to the issuance of bonds totaling \$2,800,000.

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 \$3,671,221. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 13.1% of total General Fund expenditures and transfers out.

The fund balance of the General Fund increased by \$476,129 during the current fiscal year. Key factors were as follows:

- On the revenue side, tax revenue collections exceeded estimates by \$60,840 and intergovernmental revenues were lower by \$38,949. In total, revenues were \$39,545 more than budgeted. The increase in fund balance was also attributable to the Town expending less than budgeted by \$436,584.

On the expenditure side the following are some areas the Town realized some savings:

- Town Counsel line item was \$59,449 under budget due to the reduction in required legal representation.
- Unused contingency balance of \$34,416
- The Fire Protection budget line item was under spent by \$22,644 due to the need to replace certain items being postpone to the following fiscal year.
- Public Works realized savings of \$251,775 as a result of one unfilled laborer position (\$50,064), \$52,159 unspent in snow and ice removal and \$121,644 savings in solid waste disposal.

Capital Nonrecurring Fund. This fund accounts for the Town's annual budget appropriation 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 65 separate projects, with many projects funded over multiple years. The Capital Projects fund's revenues exceeded its expenditures and transfers by \$157,083. The total fund balance at June 30, 2013 totaled \$1,558,697.

Transfer Station Fund. This fund accounts for the remediation of the Town's old landfill site and the construction of a new Transfer Station. During the fiscal year the Town issued \$2,800,000 of bonds paying off the \$2,800,000 of bond anticipation notes issued in fiscal year 2012. Since the majority of the expenditures were made in the prior fiscal year and the bonds being issued in this fiscal year, the net change in fund balance was an increase of \$2,488,623, eliminating the prior year deficit of \$2,372,251.

General Fund Budgetary Highlights

There were no additional appropriations made during the year. The differences between the original budget and the final amended budget were generally a result of transfer from the Contingency budget line. A total of \$145,584 of transfers was made from this line, including \$67,500 for ambulance services.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental type activities as of June 30, 2013, amounts to \$21,261,604 (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 net increase in the Town's investment in capital assets for the current fiscal year was \$842,514. This increase is largely due to the increase in construction in progress for road projects and the Transfer Station. The Town's capitalization policy is that 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:

- Road reconstructions recorded as additions to of \$773,089.
- Transfer Station recorded as construction in progress totaled \$267,106.
- Purchase of new public works and other vehicles totaling 295,255
- Depreciation expense of \$879,648.

**TOWN OF HADDAM
CAPITAL ASSETS - NET**

	2013	2012
Land	\$ 1,090,383	\$ 920,252
Construction in progress	3,363,385	2,970,218
Land improvements	905,513	930,556
Buildings and improvements	3,853,163	3,959,849
Machinery and equipment	557,938	663,856
Infrastructure	10,078,513	9,637,777
Motor vehicles	1,412,709	1,336,582
 Total	 \$ 21,261,604	 \$ 20,419,090

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

Long-term liabilities. At the end of the current fiscal year, the Town had total debt outstanding of \$2,867,029. All debt is backed by the full faith and credit of the Town.

**TOWN OF HADDAM
LONG-TERM LIABILITIES**

	<u>2013</u>	<u>2012</u>
Long-Term Liabilities	\$ <u>3,585,813</u>	\$ <u>808,853</u>

The Town has a bond rating from Moody's of Aa3.

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 \$182,614,250, 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 5.9%, which is a decrease from a rate of 6.1% a year ago. The Town's rate is favorable as compared to the State rate of 8.0% and comparable to the Hartford Labor Market rate of 8.0%.
- 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 2013-2014 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 POSITION
JUNE 30, 2013**

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 7,373,177
Receivables:	
Property taxes, net of allowance for uncollectibles of \$100,000	1,122,179
Interest on property taxes, net of allowance for uncollectibles of \$300,000	664,788
Grants and contracts	146,952
Other	143,927
Other assets	109,308
Capital assets:	
Nondepreciable	4,453,768
Depreciable, net	16,807,836
Total assets	<u>30,821,935</u>
Liabilities:	
Accounts payable	519,085
Accrued salaries and benefits payable	28,574
Noncurrent liabilities:	
Due within one year	205,589
Due in more than one year	3,380,224
Total liabilities	<u>4,133,472</u>
Net Position:	
Net investment in capital assets	18,323,649
Restricted:	
General government	26,294
Health and welfare	56,153
Unrestricted	<u>8,282,367</u>
Total Net Position	<u><u>\$ 26,688,463</u></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, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 2,506,887	\$ 418,171	\$ 90,962	\$	\$ (1,997,754)
Public safety	1,178,583	3,616	31,050		(1,143,917)
Public works	2,340,587	2,550	6,644	445,476	(1,885,917)
Health and welfare	296,389				(296,389)
Culture and recreation	582,330				(582,330)
Education	20,918,591		1,776,625		(19,141,966)
Interest expense	33,854				(33,854)
Total Governmental Activities	\$ 27,857,221	\$ 424,337	\$ 1,905,281	\$ 445,476	(25,082,127)
General revenues:					
Property taxes, levied for general purposes					26,202,674
Grants and contributions not restricted to specific programs					140,529
Unrestricted investment earnings					18,235
Miscellaneous					4,663
Total general revenues					<u>26,366,101</u>
Change in Net Position					1,283,974
Net Position at Beginning of Year					<u>25,404,489</u>
Net Position at End of Year					<u>\$ 26,688,463</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF HADDAM, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Transfer Station</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 6,924,444	\$	\$ 170,646	\$ 278,087	\$ 7,373,177
Receivables:					
Property taxes	1,122,179				1,122,179
Intergovernmental receivable	75,033			71,919	146,952
Other	40,385			103,542	143,927
Due from other funds	<u>71,919</u>	<u>1,558,697</u>		<u>1,424,500</u>	<u>3,055,116</u>
Total Assets	<u>\$ 8,233,960</u>	<u>\$ 1,558,697</u>	<u>\$ 170,646</u>	<u>\$ 1,878,048</u>	<u>\$ 11,841,351</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 428,790	\$	\$ 54,274	\$ 12,000	\$ 495,064
Accrued salaries and benefits payable	28,574				28,574
Deferred revenue	1,122,179				1,122,179
Due to other funds	<u>2,983,197</u>			<u>71,919</u>	<u>3,055,116</u>
Total liabilities	<u>4,562,740</u>	<u>-</u>	<u>54,274</u>	<u>83,919</u>	<u>4,700,933</u>
Fund balances:					
Nonspendable				103,542	103,542
Restricted				82,447	82,447
Committed		1,558,697	116,372	1,002,233	2,677,302
Assigned				605,907	605,907
Unassigned	<u>3,671,221</u>				<u>3,671,221</u>
Total fund balances	<u>3,671,221</u>	<u>1,558,697</u>	<u>116,372</u>	<u>1,794,129</u>	<u>7,140,419</u>
Total Liabilities and Fund Balances	<u>\$ 8,233,960</u>	<u>\$ 1,558,697</u>	<u>\$ 170,646</u>	<u>\$ 1,878,048</u>	<u>\$ 11,841,351</u>

(Continued on next page)

**TOWN OF HADDAM, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2013**

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

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

Total fund balances for governmental funds (Exhibit III)	\$	7,140,419
--	----	-----------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	63,590,139	
Less accumulated depreciation and amortization		<u>(42,328,535)</u>	
Total capital assets, net			21,261,604

Bond issuance costs are recorded as expenditures in the governmental funds. However, these costs are deferred and amortized over the life of the related debt in the statement of net position.

Bond issuance costs		115,061	
Less accumulated amortization		<u>(5,753)</u>	
Total bond issuance costs, net			109,308

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.	1,122,179
---	-----------

Accrued interest on property taxes, net, is not susceptible to accrual and, therefore, is not reported in the governmental funds.	664,788
---	---------

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:

Bonds payable	(2,800,000)
Unamortized bond premium	(67,029)
Capital leases	(137,955)
Compensated absences	(33,280)
Net pension obligation	(265,129)
Interest payable on bonds	(24,022)
Landfill closure and post closure costs	(269,250)
Other	<u>(13,170)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u>26,688,463</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, 2013

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Transfer Station</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes, interest and lien fees	\$ 26,074,511	\$	\$	\$	\$ 26,074,511
Intergovernmental	2,042,960			278,196	2,321,156
Charges for services	423,587			5,415	429,002
Income from investments	16,617	945	233	440	18,235
Total revenues	<u>28,557,675</u>	<u>945</u>	<u>233</u>	<u>284,051</u>	<u>28,842,904</u>
Expenditures:					
Current:					
General government	2,355,152			99,415	2,454,567
Public safety	854,064				854,064
Public works	2,001,211			2,750	2,003,961
Health and welfare	296,389				296,389
Culture and recreation	513,115				513,115
Education	20,918,591				20,918,591
Debt service:					
Principal and interest payments	49,921		115,061		164,982
Capital outlay		436,965	267,106	798,750	1,502,821
Total expenditures	<u>26,988,443</u>	<u>436,965</u>	<u>382,167</u>	<u>900,915</u>	<u>28,708,490</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,569,232</u>	<u>(436,020)</u>	<u>(381,934)</u>	<u>(616,864)</u>	<u>134,414</u>
Other Financing Sources (Uses):					
Issuance of debt			2,800,000		2,800,000
Bond premium			70,557		70,557
Transfers in		593,103		500,000	1,093,103
Transfers out	(1,093,103)				(1,093,103)
Total other financing sources (uses)	<u>(1,093,103)</u>	<u>593,103</u>	<u>2,870,557</u>	<u>500,000</u>	<u>2,870,557</u>
Net Change in Fund Balances	476,129	157,083	2,488,623	(116,864)	3,004,971
Fund Balances at Beginning of Year	<u>3,195,092</u>	<u>1,401,614</u>	<u>(2,372,251)</u>	<u>1,910,993</u>	<u>4,135,448</u>
Fund Balances at End of Year	<u>\$ 3,671,221</u>	<u>\$ 1,558,697</u>	<u>\$ 116,372</u>	<u>\$ 1,794,129</u>	<u>\$ 7,140,419</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, 2013**

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) \$ 3,004,971

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	\$ 1,552,031	
Depreciation expense	(879,648)	
Net adjustment		672,383

Contributed capital assets increase net position in the statement of net activities, but do not appear in the governmental funds because they are not financial resources. 170,131

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		76,442
Other long-term liability		7,594
Change in compensated absences		(33,280)
Change in landfill closure and post-closure costs		(3,000)

Interest on property taxes receivable is not susceptible to accrual and, therefore, is 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. 128,350

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		(187)
----------------------------	--	-------

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 position. The net effect of these differences in the treatment of long-term obligations is as follows:

Bond issuance		(2,800,000)
Bond premium		(70,557)
Bond costs		115,061
Amortization of bond premiums		3,528
Amortization of bond issuance costs		(5,753)
Accrued interest		(24,022)
Principal repayments on capital leases		42,313

Change in Net Position of Governmental Activities \$ 1,283,974

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, 2013

	<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	\$ 26,013,671	\$ 26,013,671	\$ 26,074,511	\$ 60,840
Intergovernmental	2,081,909	2,081,909	2,042,960	(38,949)
Charges for services	387,550	387,550	423,587	36,037
Interest income	35,000	35,000	16,617	(18,383)
Total revenues	<u>28,518,130</u>	<u>28,518,130</u>	<u>28,557,675</u>	<u>39,545</u>
Expenditures:				
Current:				
General government	2,577,946	2,510,446	2,355,152	155,294
Public safety	876,182	876,182	854,064	22,118
Public works	2,252,986	2,252,986	2,001,211	251,775
Health and welfare	232,292	299,792	296,389	3,403
Culture and recreation	517,109	517,109	513,115	3,994
Education	20,918,591	20,918,591	20,918,591	-
Debt service	49,921	49,921	49,921	-
Total expenditures	<u>27,425,027</u>	<u>27,425,027</u>	<u>26,988,443</u>	<u>436,584</u>
Excess of revenues over expenditures	1,093,103	1,093,103	1,569,232	476,129
Other financing uses:				
Transfers out	<u>(1,093,103)</u>	<u>(1,093,103)</u>	<u>(1,093,103)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	476,129	<u>\$ 476,129</u>
Fund Balance at Beginning of Year			<u>3,195,092</u>	
Fund Balance at End of Year			<u>\$ 3,671,221</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF HADDAM, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2013

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$	\$ 335,173
Investments:		
Mutual funds	<u>4,779,783</u>	<u> </u>
Total assets	<u>4,779,783</u>	<u>\$ 335,173</u>
Liabilities:		
Due to others	<u> </u>	<u>\$ 335,173</u>
Total liabilities	<u> </u>	<u>\$ 335,173</u>
Net Position:		
Held in Trust for Pension Benefits	<u>\$ 4,779,783</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Pension Trust Funds</u>
Additions:	
Employer contributions	\$ 354,526
Investment gains:	
Change in the fair value of investments	<u>435,218</u>
Total additions	789,744
Deductions:	
Benefit payments	<u>207,600</u>
Change in Net Position	582,144
Net Position at Beginning of Year	<u>4,197,639</u>
Net Position at End of Year	<u><u>\$ 4,779,783</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, 2013**

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 position 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.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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

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

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

Transfer Station - This fund is to account for the planning, engineering and construction of a solid waste transfer station.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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.

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.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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

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

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 position. 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 position" and is classified in the following categories:

Net Investment in Capital Assets - This component of net position 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 Position - Net position is restricted because a restriction is 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 Position - This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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).

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, 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 Boards shall propose budgets that provide for an unassigned general fund balance of not less than five (5) percent nor more than ten (10) percent of the total operating general fund expenditures.

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, 2013.

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.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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.

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 no additional General Fund appropriations from additional revenue sources.
- 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.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

- 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, 2013, expenditures exceeded appropriations in the Building Department line item in the amount of \$1,167.

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, 2013</u>
\$ 3,205,000	\$ 3,170,691	\$ 34,309

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). This investment pool 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.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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*, \$6,751,514 of the Town's bank balance of \$7,769,071 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,009,880
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>741,634</u>
	<u><u>\$ 6,751,514</u></u>

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, 2013, the Town had no cash equivalents.

C. Investments

As of June 30, 2013, the Town's investments consisted of the following:

Investment type	Credit Rating	Fair Value
Other investments:		
Mutual Funds - Equity	N/A	\$ 2,774,040
Mutual Funds - Real Estate	N/A	191,536
Mutual Funds - Bonds	**	<u>1,814,207</u>
Total Investments		<u><u>\$ 4,779,783</u></u>

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

** Bond mutual funds credit rating:

AAA	\$	1,287,906
AA		119,738
A		184,868
BBB		132,981
BB		52,793
B		35,921
		<u>1,814,207</u>
	\$	<u><u>1,814,207</u></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.

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, 2013. 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 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 reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable	\$ <u><u>1,122,179</u></u>

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 920,252	\$ 170,131	\$	\$ 1,090,383
Construction in progress	<u>2,970,218</u>	<u>393,167</u>	<u> </u>	<u>3,363,385</u>
Total capital assets not being depreciated	<u>3,890,470</u>	<u>563,298</u>	<u> </u>	<u>4,453,768</u>
Capital assets being depreciated:				
Land improvements	1,123,757			1,123,757
Buildings and improvements	5,974,692	55,425		6,030,117
Machinery and equipment	1,983,396	35,095		2,018,491
Infrastructure	45,393,059	773,089		46,166,148
Motor vehicles	<u>3,602,252</u>	<u>295,255</u>	<u>99,649</u>	<u>3,797,858</u>
Total capital assets being depreciated	<u>58,077,156</u>	<u>1,158,864</u>	<u>99,649</u>	<u>59,136,371</u>
Less accumulated depreciation for:				
Land improvements	193,201	25,043		218,244
Buildings and improvements	2,014,843	162,111		2,176,954
Machinery and equipment	1,319,540	141,013		1,460,553
Infrastructure	35,755,282	332,353		36,087,635
Motor vehicles	<u>2,265,670</u>	<u>219,128</u>	<u>99,649</u>	<u>2,385,149</u>
Total accumulated depreciation	<u>41,548,536</u>	<u>879,648</u>	<u>99,649</u>	<u>42,328,535</u>
Total capital assets being depreciated, net	<u>16,528,620</u>	<u>279,216</u>	<u> </u>	<u>16,807,836</u>
Capital Assets, Net	<u>\$ 20,419,090</u>	<u>\$ 842,514</u>	<u>\$ </u>	<u>\$ 21,261,604</u>

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

General government	\$ 93,719
Public safety	299,649
Public works	445,417
Culture and recreation	<u>40,863</u>
Total Depreciation Expense	<u>\$ 879,648</u>

Construction Commitments

The Town has no active construction projects as of June 30, 2013.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances at June 30, 2013 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Nonmajor Funds	\$ 71,919
Capital Nonrecurring Fund	General Fund	1,558,697
Nonmajor Funds	General Fund	<u>1,424,500</u>
Total		<u>\$ 3,055,116</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, 2013 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental funds:		
Capital Nonrecurring Fund	General Fund	\$ 593,103
Nonmajor funds	General Fund	<u>500,000</u>
Total		<u>\$ 1,093,103</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, 2013**

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, 2013:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bond payable:					
Bonds payable	\$	\$ 2,800,000	\$	\$ 2,800,000	\$ 140,000
Bond premium		70,557	3,528	67,029	
Total bonds payable	-	2,870,557	3,528	2,867,029	140,000
Capital leases	180,268		42,313	137,955	44,099
Net pension obligation	341,571		76,442	265,129	
Landfill post-closure costs	266,250	3,000		269,250	
Compensated absences		33,280		33,280	8,320
Other	20,764		7,594	13,170	13,170
Long-Term liabilities	<u>\$ 808,853</u>	<u>\$ 2,906,837</u>	<u>\$ 129,877</u>	<u>\$ 3,585,813</u>	<u>\$ 205,589</u>

The above liabilities will be liquidated by General Fund appropriations.

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. General obligation bonds currently outstanding are as follows:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Outstanding June 30, 2013</u>
Bonds Payable:					
General Bonds	8/30/2012	\$ 2,800,000	2.0-3.0%	8/15/2032	\$ 2,800,000

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 140,000	\$ 70,665	\$ 210,665
2015	140,000	67,865	207,865
2016	140,000	64,365	204,365
2017	140,000	60,165	200,165
2018	140,000	55,965	195,965
2019-2023	700,000	216,825	916,825
2024-2028	700,000	128,257	828,257
2028-2033	700,000	23,635	723,635
	<u>\$ 2,800,000</u>	<u>\$ 687,742</u>	<u>\$ 3,487,742</u>

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 \$182,614,250 as of June 30, 2013. 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, 2013.

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 58,697,438	\$ 2,800,000	\$ 55,897,438
Schools	117,394,875	8,264,373	109,130,502
Sewers	97,829,063		97,829,063
Urban renewal	84,785,188		84,785,188
Pension deficit	78,263,250		78,263,250

C. Regional School District Commitments

The Town 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, 2013, the outstanding bonded indebtedness of the District was \$14,830,000. The Town of Haddam's share will be approximately 56% of the outstanding indebtedness, or \$8,264,373. 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, 2013**

D. Capital Leases

A summary of assets acquired through capital leases are as follows as of June 30, 2013:

	Governmental Activities
Motor vehicles	\$ 435,530
Less accumulated amortization	(246,800)
	\$ 188,730

Depreciation expense relative to leased property under capital leases totaled \$29,035 for the year ended June 30, 2013 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, 2013 are as follows:

Year Ending June 30	Governmental Activities
2014	\$ 49,920
2015	49,920
2016	49,920
Total minimum lease payments	149,760
Less amount representing interest	11,805
Present Value of Minimum Lease Payments	\$ 137,955

E. Landfill Post-Closure Care Costs

State and federal laws and regulations require landfill closures to meet certain standards. The Town has completed the final capping of the landfill as of June 30, 2013. Estimated monitoring costs for the next 30 years at \$8,975 per year are \$269,250. These amounts are based on estimates that are subject to change due to inflation, technology or applicable laws and regulations.

F. Authorized but Unissued

The amount of authorized but unissued bonds for the transfer station project is \$405,000.

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.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

8. BOND ANTICIPATION NOTES

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 matured on August 30, 2012 and bore interest at 1.25% when the project was permanently bonded. The following is a schedule of bond anticipation note activity for the year ended June 30, 2013:

Balance, July 1, 2012	\$	2,800,000
Issued		
Retired		<u>(2,800,000)</u>
Balance, June 30, 2013	\$	<u><u>-</u></u>

9. FUND BALANCES

The components of fund balance for the governmental funds at June 30, 2013 are as follows:

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Transfer Station</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Loans receivable	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ 103,542	\$ 103,542
Restricted for:					
Grants	<u> </u>	<u> </u>	<u> </u>	82,447	82,447
Committed to:					
General government				148,793	148,793
Public works				22,210	22,210
Capital projects		1,558,697	116,372	806,578	2,481,647
Open space				24,652	24,652
Total committed to		<u>1,558,697</u>		<u>1,002,233</u>	<u>2,677,302</u>
Assigned:					
Debt service				605,907	605,907
Unassigned	<u>3,671,221</u>				<u>3,671,221</u>
Total Fund Balances	<u>\$ 3,671,221</u>	<u>\$ 1,558,697</u>	<u>\$ 116,372</u>	<u>\$ 1,794,129</u>	<u>\$ 7,140,419</u>

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

10. 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.

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 Volunteer Firefighters' 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.

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	13	24
Terminated employees entitled to benefits but not yet receiving them	8	37
Active plan members	24	55
	45	116

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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 approximates 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, 2013, employer contributions to the Town Employees' Pension Plan represented 26.2% of covered payroll.

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	\$ 3,406,023	\$ 3,693,509 *	\$ 287,486	92%	\$ 1,001,353	29%
Firefighters' Plan	1,199,725	1,564,320 **	364,595	77%	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 multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Schedule of Employer Contributions

<u>Year Ended June 30</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
Town Plan:			
2013	\$ 227,608	\$ 262,526	115%
2012	262,526	294,688	112%
2011	294,688	187,000	63%
2010	295,860	312,000	105%
2009	186,591	420,834	226%
2008	235,001	125,000	53%
Firefighters' Plan:			
2013	\$ 73,893	\$ 92,000	125%
2012	77,239	108,110	140%
2011	82,657	75,000	91%
2010	101,037	75,000	74%
2009	100,909	* 59,080	59%
2008	65,649	75,000	114%

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

Additional Information and Actuarial Assumptions

	<u>Town Plan</u>	<u>Firefighters' Plan</u>
Valuation date	January 1, 2013	July 1, 2012
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:		
Inflation	2.50%	N/A
Merit	2.50%	N/A

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Annual Pension Cost and Net Pension Obligation

	Town Plan	Firefighters' Plan
Annual required contribution	\$ 227,608	\$ 73,893
Interest on net pension obligation	20,730	3,180
Adjustment to annual required contribution	(40,859)	(6,468)
Annual pension cost	207,479	70,605
Contributions made	262,526	92,000
Decrease in net pension obligation	(55,047)	(21,395)
Net pension obligation, beginning of year	296,142	45,429
Net Pension Obligation, End of Year	\$ 241,095	\$ 24,034

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
Town Plan:				
2011	\$ 281,735	\$ 187,000	66.4%	\$ 348,754
2012	242,076	294,688	121.7%	296,142
2013	207,479	262,526	126.5%	241,095
Firefighters' Plan:				
2011	\$ 76,836	\$ 75,000	97.6%	\$ 82,253
2012	71,286	108,110	151.7%	45,429
2013	70,605	92,000	130.3%	24,034

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Plan Financial Statements

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF PLAN NET POSITION
JUNE 30, 2013**

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Pension Plan	Total
ASSETS			
Investments, at fair value	\$ 3,458,583	\$ 1,321,200	\$ 4,779,783
NET POSITION			
Held in trust for pension benefits	\$ 3,458,583	\$ 1,321,200	\$ 4,779,783

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Pension Plan	Total
Additions:			
Employer contributions	\$ 262,526	\$ 92,000	\$ 354,526
Investment gains:			
Change in the fair value of investments	312,066	123,152	435,218
Total additions	<u>574,592</u>	<u>215,152</u>	<u>789,744</u>
Deductions:			
Benefit payments	<u>113,923</u>	<u>93,677</u>	<u>207,600</u>
Net increase	460,669	121,475	582,144
Net Position Held in Trust for Pension Benefits:			
Beginning of year	<u>2,997,914</u>	<u>1,199,725</u>	<u>4,197,639</u>
End of Year	<u>\$ 3,458,583</u>	<u>\$ 1,321,200</u>	<u>\$ 4,779,783</u>

**TOWN OF HADDAM, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

11. 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.

12. 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.

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.

Required Supplementary Information

**TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2013**

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, 2013	\$ 3,406,023	\$ 3,693,509	\$ 287,486	92%	\$ N/A	N/A
January 1, 2012	2,918,354	3,226,698	308,344	90%	1,001,353	31%
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%

* Frozen Initial Liability

Firefighters' Plan **

July 1, 2012	\$ 1,199,725	\$ 1,564,320	\$ 364,595	77%	N/A	N/A
July 1, 2011	1,192,484	1,576,434	383,950	76%	N/A	N/A
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

** 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, 2013

	<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	\$ 25,923,671	\$ 25,923,671	\$ 25,905,296	\$ (18,375)
Elderly tax abatement	(85,000)	(85,000)		85,000
Interest and lien fees	150,000	150,000	143,566	(6,434)
Telecommunications property tax grant	25,000	25,000	25,649	649
Total taxes, interest and lien fees	<u>26,013,671</u>	<u>26,013,671</u>	<u>26,074,511</u>	<u>60,840</u>
Intergovernmental:				
Education cost-sharing	1,776,625	1,776,625	1,776,625	-
Tax relief for elderly	46,000	46,000	45,901	(99)
Veterans' exemption	5,000	5,000	5,955	955
Mashantucket Pequot grant	23,137	23,137	22,136	(1,001)
Local capital improvement grant	73,487	73,487	75,033	1,546
PILOT, State-owned real property	129,660	129,660	66,537	(63,123)
Miscellaneous state and federal	28,000	28,000	50,773	22,773
Total intergovernmental	<u>2,081,909</u>	<u>2,081,909</u>	<u>2,042,960</u>	<u>(38,949)</u>
Charges for Services:				
Licenses and permits	260,100	260,100	251,711	(8,389)
Recording fees	65,000	65,000	62,237	(2,763)
Miscellaneous	50,750	50,750	100,162	49,412
Land use state fees			1,346	1,346
Town clerk state fees	11,700	11,700	8,131	(3,569)
Total charges for services	<u>387,550</u>	<u>387,550</u>	<u>423,587</u>	<u>36,037</u>
Interest Income	<u>35,000</u>	<u>35,000</u>	<u>16,617</u>	<u>(18,383)</u>
Total Revenues	<u>\$ 28,518,130</u>	<u>\$ 28,518,130</u>	<u>\$ 28,557,675</u>	<u>\$ 39,545</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
Selectman's office	\$ 297,744	\$ 297,744	\$ 289,929	\$ 7,815
Probate court	2,660	2,660	2,660	-
Elections	50,450	50,450	48,389	2,061
Board of finance	43,410	43,410	42,829	581
Assessor	117,306	117,306	116,283	1,023
Board of tax review	10	10		10
Tax collector's office	88,648	88,648	87,217	1,431
Treasurer's office	13,343	13,343	13,195	148
Town counsel	126,250	126,250	66,801	59,449
Town clerk	121,101	121,101	112,542	8,559
Town hall	9,250	9,250	8,481	769
Town office building	27,775	27,775	24,228	3,547
Town office building annex	6,806	6,806	4,495	2,311
Planning and zoning	5,828	5,828	5,688	140
Zoning board of appeals	95	95	90	5
Engineering department	50,000	50,000	46,982	3,018
Wetlands	60	60	50	10
Central services	168,783	168,783	157,520	11,263
Insurance and other benefits	961,416	1,039,500	1,039,500	-
Long range capital planning	200	200	82	118
Senior center	51,253	51,253	44,810	6,443
Youth center	8,381	8,381	8,327	54
Veterans Museum	9,219	9,219	6,919	2,300
Parades	1,425	1,425	1,374	51
Health director/food inspector	69,102	69,102	69,102	-
Economic development	6,500	6,500	3,977	2,523
Land use offices	157,921	157,921	150,853	7,068
Conservation	3,010	3,010	2,829	181
Contingency	180,000	34,416		34,416
Total general government	<u>2,577,946</u>	<u>2,510,446</u>	<u>2,355,152</u>	<u>155,294</u>
Public Safety:				
Fire protection	324,843	324,843	302,199	22,644
Police	292,559	292,559	292,559	-
Animal control	20,034	20,034	20,034	-
Emergency management	1,000	1,000	1,000	-
Fire marshal	18,123	18,123	17,682	441
Dispatch services	113,212	113,212	113,212	-
Abandoned vehicles	200	200		200
Building department	106,211	106,211	107,378	(1,167)
Total public safety	<u>876,182</u>	<u>876,182</u>	<u>854,064</u>	<u>22,118</u>
Public Works:				
General labor	611,956	611,956	561,892	50,064
General maintenance	554,000	554,000	539,694	14,306
Street lighting	45,000	45,000	34,206	10,794
Town garage	58,410	58,410	56,067	2,343
Snow and ice removal	325,000	325,000	272,841	52,159
Fire hydrants	10	10		10
Solid waste disposal	628,600	628,600	506,956	121,644
Tree maintenance	30,010	30,010	29,555	455
Total public works	<u>2,252,986</u>	<u>2,252,986</u>	<u>2,001,211</u>	<u>251,775</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Health and Welfare:				
Public health	\$ 76,309	\$ 76,309	\$ 76,299	\$ 10
Social services	79,400	79,400	79,400	-
Transportation for the elderly	42,083	42,083	38,887	3,196
Water pollution & control	12,000	12,000	11,803	197
Haddam volunteer ambulance	22,500	90,000	90,000	-
Total health and welfare	<u>232,292</u>	<u>299,792</u>	<u>296,389</u>	<u>3,403</u>
Culture and Recreation:				
Haddam park and recreation commission	63,817	63,817	60,449	3,368
Regional recreational authority	100,314	100,314	99,731	583
Higganum athletic association	8,062	8,062	8,039	23
Village parks society	3,000	3,000	3,000	-
Little league	10	10		10
Middlesex county water	500	500	500	-
Brainerd memorial library	332,896	332,896	332,896	-
Haddam River Days	6,000	6,000	6,000	-
Farmers Market	10	10		10
Higganum Cemetery Association	2,500	2,500	2,500	-
Total culture and recreation	<u>517,109</u>	<u>517,109</u>	<u>513,115</u>	<u>3,994</u>
Education	<u>20,918,591</u>	<u>20,918,591</u>	<u>20,918,591</u>	<u>-</u>
Debt Service	<u>49,921</u>	<u>49,921</u>	<u>49,921</u>	<u>-</u>
Total Expenditures	27,425,027	27,425,027	26,988,443	436,584
Other Financing Uses:				
Transfer out	<u>1,093,103</u>	<u>1,093,103</u>	<u>1,093,103</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 28,518,130</u>	<u>\$ 28,518,130</u>	<u>\$ 28,081,546</u>	<u>\$ 436,584</u>

**TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2013**

Grand List Year	Balance Uncollected July 1, 2012	Current Levy	Lawful Corrections		Transfers to Suspense	Balance To Be Collected	Collections				Balance Uncollected June 30, 2013
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2011	\$	\$ 26,083,467	\$ 24,043	\$ 119,898	\$	\$ 25,987,612	\$ 25,722,557	\$ 72,337	\$ 11,380	\$ 25,806,274	\$ 265,055
2010	314,367		756	58,716		256,407	108,981	32,100	3,667	144,748	147,426
2009	150,113			570	21,880	127,663	50,760	18,671	842	70,273	76,903
2008	45,845			22		45,823	7,074	3,915	166	11,155	38,749
2007	25,538			23		25,515	6,561	1,809	116	8,486	18,954
2006	16,096			23	385	15,688	127	742	44	913	15,561
2005	559,198					559,198				-	559,198
2004	13,006					13,006				-	13,006
2003	11,694					11,694				-	11,694
2002	9,556					9,556				-	9,556
2001	12,550					12,550				-	12,550
2000	14,715					14,715				-	14,715
1999	13,435					13,435				-	13,435
1998	13,222					13,222				-	13,222
1997	12,155					12,155				-	12,155
1996	10,876			10,876		-				-	-
	<u>\$ 1,222,366</u>	<u>\$ 26,083,467</u>	<u>\$ 24,799</u>	<u>\$ 190,128</u>	<u>\$ 22,265</u>	<u>\$ 27,118,239</u>	<u>\$ 25,896,060</u>	<u>\$ 129,574</u>	<u>\$ 16,215</u>	<u>\$ 26,041,849</u>	<u>\$ 1,222,179</u>

*Nonmajor
Governmental
Funds*

**TOWN OF HADDAM, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Special Revenue Funds				
	Medical Insurance Reserve Fund	Material Testing	Small Cities Escrow Fund	Grants	Historic Documents Preservation
ASSETS					
Cash and cash equivalents	\$ 131,221	\$ 22,210	\$ 56,153	\$ 26,294	\$ 17,557
Intergovernmental receivable				71,919	
Loans receivable			103,542		
Due from other funds					15
Total Assets	\$ 131,221	\$ 22,210	\$ 159,695	\$ 98,213	\$ 17,572
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$	\$	\$	\$	\$
Due to other funds				71,919	
Total liabilities	-	-	-	71,919	-
Fund Balances:					
Nonspendable			103,542		
Restricted			56,153	26,294	
Committed	131,221	22,210			17,572
Assigned					
Total fund balances	131,221	22,210	159,695	26,294	17,572
Total Liabilities and Fund Balances	\$ 131,221	\$ 22,210	\$ 159,695	\$ 98,213	\$ 17,572

(Continued on next page)

**TOWN OF HADDAM, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2013**

	<u>Debt Service</u>		<u>Capital Projects</u>		
	<u>Debt Service Fund</u>	<u>Open Space Fund</u>	<u>Silver Spring Road Fund</u>	<u>Road Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$	\$ 24,652	\$	\$	\$ 278,087
Intergovernmental receivable					71,919
Loans receivable					103,542
Due from other funds	<u>605,907</u>		<u>140,079</u>	<u>678,499</u>	<u>1,424,500</u>
Total Assets	<u>\$ 605,907</u>	<u>\$ 24,652</u>	<u>\$ 140,079</u>	<u>\$ 678,499</u>	<u>\$ 1,878,048</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$	\$	\$	\$ 12,000	\$ 12,000
Due to other funds					71,919
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>83,919</u>
Fund Balances:					
Nonspendable					103,542
Restricted					82,447
Committed		24,652	140,079	666,499	1,002,233
Assigned	<u>605,907</u>				<u>605,907</u>
Total fund balances	<u>605,907</u>	<u>24,652</u>	<u>140,079</u>	<u>666,499</u>	<u>1,794,129</u>
Total Liabilities and Fund Balances	<u>\$ 605,907</u>	<u>\$ 24,652</u>	<u>\$ 140,079</u>	<u>\$ 678,499</u>	<u>\$ 1,878,048</u>

**TOWN OF HADDAM, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Special Revenue Funds</u>				
	<u>Medical Insurance Reserve Fund</u>	<u>Material Testing</u>	<u>Small Cities Escrow Fund</u>	<u>Grants</u>	<u>Historic Documents Preservation</u>
Revenues:					
Intergovernmental	\$	\$	\$	\$ 90,962	\$
Charges for services					5,415
Interest income	199	39	133	57	
Total revenues	<u>199</u>	<u>39</u>	<u>133</u>	<u>91,019</u>	<u>5,415</u>
Expenditures:					
Current:					
General government			2,400	93,365	3,650
Public works		2,750			
Capital outlay					
Total expenditures	<u>-</u>	<u>2,750</u>	<u>2,400</u>	<u>93,365</u>	<u>3,650</u>
Excess (Deficiency) of Revenues over Expenditures	199	(2,711)	(2,267)	(2,346)	1,765
Other Financing Sources:					
Transfers in					
Net Change in Fund Balances	199	(2,711)	(2,267)	(2,346)	1,765
Fund Balances at Beginning of Year	<u>131,022</u>	<u>24,921</u>	<u>161,962</u>	<u>28,640</u>	<u>15,807</u>
Fund Balances at End of Year	<u>\$ 131,221</u>	<u>\$ 22,210</u>	<u>\$ 159,695</u>	<u>\$ 26,294</u>	<u>\$ 17,572</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, 2013

	<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>	
Revenues:					
Intergovernmental	\$	\$	\$	\$ 187,234	\$ 278,196
Charges for services					5,415
Interest income		12			440
Total revenues	<u>-</u>	<u>12</u>	<u>-</u>	<u>187,234</u>	<u>284,051</u>
Expenditures:					
Current:					
General government					99,415
Public works					2,750
Capital outlay				798,750	798,750
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>798,750</u>	<u>900,915</u>
Excess (Deficiency) of Revenues over Expenditures	-	12	-	(611,516)	(616,864)
Other Financing Sources:					
Transfers in				500,000	500,000
Net Change in Fund Balances	-	12	-	(111,516)	(116,864)
Fund Balances at Beginning of Year	<u>605,907</u>	<u>24,640</u>	<u>140,079</u>	<u>778,015</u>	<u>1,910,993</u>
Fund Balances at End of Year	<u>\$ 605,907</u>	<u>\$ 24,652</u>	<u>\$ 140,079</u>	<u>\$ 666,499</u>	<u>\$ 1,794,129</u>

*Fiduciary
Funds*

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance, July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2013</u>
Performance Bonds				
Assets:				
Cash	\$ <u>375,082</u>	\$ <u>70,778</u>	\$ <u>110,687</u>	\$ <u>335,173</u>
Liabilities:				
Due to others	\$ <u>375,082</u>	\$ <u>70,778</u>	\$ <u>110,687</u>	\$ <u>335,173</u>

***Trend
Information***

TABLE 1**TOWN OF HADDAM, CONNECTICUT****NET POSITION BY COMPONENT
LAST NINE YEARS
(UNAUDITED)**

	FISCAL YEAR								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net investment in capital assets	\$ 18,323,649	\$ 17,438,822	\$ 16,317,621	\$ 15,755,793	\$ 14,815,567	\$ 15,916,877	\$ 16,107,897	\$ 9,184,834	\$ 8,568,031
Restricted	82,447	87,060	87,764	48,867					
Unrestricted	<u>8,282,367</u>	<u>7,878,607</u>	<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 Position	<u>\$ 26,688,463</u>	<u>\$ 25,404,489</u>	<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>

TABLE 2

TOWN OF HADDAM, CONNECTICUT

**CHANGES IN NET POSITION
LAST NINE YEARS
(UNAUDITED)**

	FISCAL YEAR								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:									
General government	\$ 2,506,887	\$ 2,472,043	\$ 2,355,631	\$ 2,547,120	\$ 1,929,138	\$ 2,016,661	\$ 2,456,827	\$ 2,001,273	\$ 1,899,177
Public safety	1,178,583	1,195,176	1,056,072	1,043,980	1,188,301	1,220,469	1,124,589	961,663	892,446
Public works	2,340,587	1,412,438	2,564,669	3,700,466	4,108,764	3,305,680	3,139,530	2,035,690	1,989,045
Health and welfare	296,389	329,147	352,571	339,877	409,605	391,446	321,106	233,214	160,918
Culture and recreation	582,330	535,359	540,592	536,160	530,433	552,744	435,690	451,744	362,982
Education	20,918,591	20,170,062	19,463,675	19,468,254	20,293,804	18,488,983	17,273,280	15,658,930	14,580,398
Interest expense	33,854	9,320	13,031	20,194	34,279	42,260	40,839	28,725	
Total Expenses	<u>27,857,221</u>	<u>26,123,545</u>	<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:									
General government	418,171	368,252	319,985	425,926	419,565	599,345	644,743	682,703	652,498
Public safety	3,616	27,230	19,990	9,118	10,785	12,345	9,058	12,584	13,618
Public works	2,550	1,700	6,383	2,010	550	1,360	2,090	6,307	34,408
Health and welfare									
Culture and recreation					19,004			19,587	18,891
Operating grants and contributions	1,905,281	1,923,734	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	445,476	930,657	1,028,344	1,817,785	287,594	1,027,392	16,190	399,435	242,888
Total Program Revenues	<u>2,775,094</u>	<u>3,251,573</u>	<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	<u>(25,082,127)</u>	<u>(22,871,972)</u>	<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:									
Property taxes	26,202,674	25,321,337	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	140,529	202,899	216,196	223,728	290,385	375,286	288,371	250,159	226,632
Investment income	18,235	29,394	36,014	75,386	88,462	313,285	332,208	229,638	120,108
Miscellaneous	4,663	128,974	2,144	3,252	1,054,739	161,371	229,774	53,199	12,879
Total General Revenues	<u>26,366,101</u>	<u>25,682,604</u>	<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>
Changes in Net Position	<u>\$ 1,283,974</u>	<u>\$ 2,810,632</u>	<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>

TOWN OF HADDAM, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE YEARS
(UNAUDITED)

FISCAL YEAR

	<u>2013</u>	<u>2012</u>	<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>3,671,221</u>	<u>3,195,092</u>	<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>
Total General Fund	<u>3,671,221</u>	<u>3,195,092</u>	<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	103,542	103,542	86,338	96,338	96,338	96,338	126,585	116,585	142,900
Restricted	82,447	87,060	87,764	48,867					
Committed	2,677,302	3,122,005	3,557,058	2,964,149	915,168	984,022	1,077,536	1,002,661	1,033,779
Assigned	605,907								
Unassigned		<u>(2,372,251)</u>							
Total All Other Governmental Funds	<u>3,469,198</u>	<u>940,356</u>	<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>7,140,419</u>	\$ <u>4,135,448</u>	\$ <u>6,302,751</u>	\$ <u>5,134,157</u>	\$ <u>5,284,133</u>	\$ <u>5,631,477</u>	\$ <u>5,176,653</u>	\$ <u>4,032,566</u>	\$ <u>4,006,420</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 NINE YEARS
(UNAUDITED)

		FISCAL YEAR								
		<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues:										
Property taxes	\$	26,074,511	\$ 25,282,077	\$ 24,955,511	\$ 23,772,257	\$ 23,260,475	\$ 22,035,328	\$ 21,436,229	\$ 19,223,289	\$ 17,720,281
Intergovernmental		2,321,156	2,659,811	2,124,657	1,944,228	2,340,816	2,463,880	1,576,533	1,956,248	1,745,765
Charges for services		429,002	449,408	348,485	440,306	453,993	763,427	680,073	726,883	719,415
Income from investments		18,235	29,394	35,752	75,124	88,462	313,285	332,208	229,638	120,108
Other		-	8,377	52,131	1,250	1,050,649	10,994		40,567	3,987
Total Revenues		<u>28,842,904</u>	<u>28,429,067</u>	<u>27,516,536</u>	<u>26,233,165</u>	<u>27,194,395</u>	<u>25,586,914</u>	<u>24,025,043</u>	<u>22,176,625</u>	<u>20,309,556</u>
Expenditures:										
Current:										
General government		2,454,567	2,546,891	2,229,545	2,430,042	2,613,575	2,271,570	1,957,629	2,191,756	1,603,849
Public safety		854,064	805,422	786,289	764,676	707,281	734,567	676,517	613,659	582,576
Public works		2,003,961	2,043,021	2,150,867	1,990,610	2,348,543	1,704,170	1,636,839	1,836,369	1,820,973
Health and welfare		296,389	329,147	352,571	339,877	302,024	291,782	254,649	196,159	149,229
Culture and recreation		513,115	497,520	502,753	498,885	466,090	452,043	387,991	393,857	348,820
Education		20,918,591	20,170,062	19,463,675	19,468,254	20,293,804	18,488,983	17,273,280	15,658,930	14,580,398
Debt service:										
Principal		40,600	40,600	73,988	327,236	192,103	188,910	195,118	125,000	-
Interest		124,382	9,321	13,031	13,417	34,279	42,260	40,839	28,725	-
Capital outlay		1,502,821	4,154,386	775,223	1,220,392	584,040	957,805	659,914	1,506,524	2,011,397
Total Expenditures		<u>28,708,490</u>	<u>30,596,370</u>	<u>26,347,942</u>	<u>27,053,389</u>	<u>27,541,739</u>	<u>25,132,090</u>	<u>23,082,776</u>	<u>22,550,979</u>	<u>21,097,242</u>
Excess (Deficiency) of Revenues over Expenditures		<u>134,414</u>	<u>(2,167,303)</u>	<u>1,168,594</u>	<u>(820,224)</u>	<u>(347,344)</u>	<u>454,824</u>	<u>942,267</u>	<u>(374,354)</u>	<u>(787,686)</u>
Other Financing Sources (Uses):										
Capital lease								165,948	400,500	
Issuance of debt		2,800,000								750,000
Bond premium		70,557								
Sale of capital assets					877,500					
Transfers in		1,093,103	1,295,102	1,269,758	1,631,707	15,379	10,000	25,900	409,737	36,000
Transfers out		(1,093,103)	(1,295,102)	(1,269,758)	(1,631,707)	(15,379)	(10,000)	(25,900)	(409,737)	(36,000)
Total Other Financing Sources		<u>2,870,557</u>	<u>-</u>	<u>-</u>	<u>877,500</u>	<u>-</u>	<u>-</u>	<u>165,948</u>	<u>400,500</u>	<u>750,000</u>
Net Change in Fund Balances	\$	<u><u>3,004,971</u></u>	\$ <u><u>(2,167,303)</u></u>	\$ <u><u>1,168,594</u></u>	\$ <u><u>57,276</u></u>	\$ <u><u>(347,344)</u></u>	\$ <u><u>454,824</u></u>	\$ <u><u>1,108,215</u></u>	\$ <u><u>26,146</u></u>	\$ <u><u>(37,686)</u></u>
Debt Service as a Percentage to Noncapital Expenditures		<u>0.61%</u>	<u>0.24%</u>	<u>0.34%</u>	<u>1.32%</u>	<u>0.84%</u>	<u>0.96%</u>	<u>1.05%</u>	<u>0.73%</u>	<u>0.00%</u>

TOWN OF HADDAM, CONNECTICUT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST NINE 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		
2013	2011	\$ 775,066,628	\$ 1,107,238,040	\$ 55,704,642	\$ 66,533,310	\$ 122,237,952	\$ 174,625,646	\$ 897,304,580	\$ 1,281,863,686	70.00%	28.99
2012	* 2010	771,626,576	1,102,323,680	63,766,620	54,944,042	118,710,662	169,586,660	890,337,238	1,271,910,340	70.00%	28.23
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
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

56

* Revaluation performed for Grand List year

TOWN OF HADDAM, CONNECTICUT

PRINCIPAL TAXPAYERS
2011 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	\$ 40,636,337	1	4.53%
Connecticut Light & Power	29,078,450	2	3.24%
MCAP Sabine Pointe LLC	5,594,480	3	0.62%
Riverhouse Properties, LLC	2,150,760	4	0.24%
Rodgers Realty LLC	1,841,540	5	0.21%
The Davidson Company	1,815,980	6	0.20%
Camp Bethel Association Inc	1,579,960	7	0.18%
Bridge Street Associates	1,464,520	8	0.16%
Touchtone Development Association, LLC	1,280,490	9	0.14%
Goldblatt Steven and Patricia C	<u>967,970</u>	10	<u>0.11%</u>
	<u>\$ 86,410,487</u>		<u>9.63%</u>

Source: Town Assessor Department.

(1) The net taxable grand list as of October 1, 2011 totaled \$897,304,580

TOWN OF HADDAM, CONNECTICUT
PROPERTY TAX RATES, LEVIES AND COLLECTIONS
LAST NINE 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
2013	28.99	2011	\$ 25,987,612	\$ 25,722,557	99.0%	\$ -	\$ 25,722,557	99.0%	\$ 265,055
2012	28.23	2010	25,123,509	24,809,142	98.7%	166,941	24,976,083	99.4%	147,426
2011	27.40	2009	24,653,639	24,322,687	98.7%	254,049	24,576,736	99.7%	76,903
2010	26.40	2008	23,381,524	23,079,561	98.7%	263,214	23,342,775	99.8%	38,749
2009	26.00	2007	22,944,559	22,591,741	97.3%	333,864	22,925,605	99.9%	18,954
2008	25.00	2006	21,607,722	21,272,155	98.4%	320,006	21,592,161	99.9%	15,561
2007	25.00	2005	21,847,411	20,814,348	95.3%	473,865	21,288,213	97.4%	559,198
2006	31.00	2004	19,021,004	18,714,843	98.4%	293,155	19,007,998	99.9%	13,006
2005	29.50	2003	17,512,166	17,237,225	98.4%	263,247	17,500,472	99.9%	11,694

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.

TABLE 8

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

<u>Year Ended June 30</u>	<u>Long-Term Debt Outstanding</u>				<u>Percentage Of Personal Income</u>	<u>Debt Per Capita</u>
	<u>Bonds Payable</u>	<u>Notes Payable</u>	<u>Capital Leases</u>	<u>Total</u>		
2013	\$ 2,800,000	\$ -	\$ 137,955	\$ 2,937,955	3.20%	\$ 350
2012	-	-	180,268	180,268	52.14%	22
2011	-	-	220,868	220,868	44.32%	27
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.

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 NINE YEARS
(UNAUDITED)**

Year Ended June 30	(1) Population	(2) Net Assessed Value	(3) Total Debt	Ratio of Total Debt To Net Assessed Value	Debt Per Capita
2013	8,383	\$ 897,304,580	\$ 2,937,955	0.33%	\$ 350
2012	8,366	890,337,238	180,268	0.02%	22
2011	8,155	898,246,395	220,868	0.02%	27
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

TABLE 10

TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374 (b)
FOR THE YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Total tax collections (including interest and lien fees) for current year	\$ 26,041,849
Reimbursement for revenue loss on:	
Tax relief for elderly freeze	45,901
Base for Debt Limitation Computation	\$ 26,087,750

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2 1/4 times base	\$ 58,697,438	\$	\$	\$	\$
4 1/2 times base		117,394,875			
3 3/4 times base			97,829,063		
3 1/4 times base				84,785,188	
3 times base					78,263,250
Total debt limitation	58,697,438	117,394,875	97,829,063	84,785,188	78,263,250
Indebtedness:					
Bonds payable	2,800,000				
Haddam share of Regional School District No. 17 debt		8,264,373			
Total indebtedness	2,800,000	8,264,373	-	-	-
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ 55,897,438	\$ 109,130,502	\$ 97,829,063	\$ 84,785,188	\$ 78,263,250
The total net indebtedness above amounts to:					\$ 11,064,373
In no event shall total indebtedness exceed seven times the base for debt limitation computation					\$ 182,614,250

TABLE 11

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

Year Ended June 30	Debt Limit	Net Debt Applicable To Limit	Legal Debt Margin	Total Net Debt Applicable
2013	\$ 182,614,250	\$ 11,064,373	\$ 171,549,877	6.06%
2012	177,009,133	12,187,900	164,821,233	6.89%
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 NINE 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		
2013	8,383	\$ 93,987	44	29%	27%	39%	1,335	5.9%
2012	8,366	93,987	44	29%	27%	39%	1,375	6.1%
2011	8,155	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, 2013
(UNAUDITED)**

Employer	Rank
Regional School District No. 17	1
River House	2
Town of Haddam	3
Country Market	4
The Saybrook at Haddam	5

Sources: First Selectman's Office Town of Haddam