

CITY OF NEW HAVEN, CONNECTICUT

FINANCIAL REPORT

For the Year Ended June 30, 2011

CITY OF NEW HAVEN, CONNECTICUT

FINANCIAL REPORT
For the Year Ended June 30, 2011

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CITY OF NEW HAVEN, CONNECTICUT

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Haven, Connecticut (the "City"), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of New Haven, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Haven Parking Authority, a component unit of the City, which reflects 74% of revenues and 81% of the assets of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Haven Parking Authority, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the New Haven Parking Authority were not audited in accordance with "Government Auditing Standards." An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Haven, Connecticut as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated February 14, 2012, on our consideration of the City of New Haven, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Governmental Auditing Standards," and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information and the pension plans and other post employment plan schedules of funding progress and schedules of employer contributions are not a required part of the basic financial statements but are supplementary information required by

accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

McGladrey & Pullen, LLP

New Haven, Connecticut
February 14, 2012

CITY OF NEW HAVEN

Department of Finance



John DeStefano Jr.
Mayor

Michael J. O'Neil, CPA
Acting Controller

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The City finished the FY11 with a General Fund (primary operating fund) operating budget surplus of \$649,903.
- The City's final revision to the FY11 budget was through the submission of the June 2011 Monthly Report, which was submitted to the Board of Alderman on October 3, 2011 and approved by the Board of Aldermen on November 21, 2011.
- The City's mill rate was maintained at 43.90 (per thousand) in FY11.
- The City's FY11, total gross taxable grand list increased to \$5,025,536,281 as compared to FY10 total gross taxable grand list of \$4,932,655,450.
- As of the year-end, the Education Grant Fund reported a fund balance of \$574,113 which is \$901,606 more than the beginning of the year.
- As of the year-end, the Capital Projects Fund reported a fund deficit of \$42.0 million which is \$11.6 million less than the beginning of the year. Major impacts were intergovernmental revenues for school construction from state, issuance of bonds and expenditures mainly for school construction.

Overview of Financial Statements

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits A and B, respectively) provide information about the activities of the City as a whole and present a longer term view of the City's finances. Fund financial statements are presented in Exhibits C to J. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

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

The analysis of the City as a whole begins with Exhibits A and B of this Financial Report. The statement of net assets presents information on all of the City of New Haven's assets and liabilities, with the difference between the two reported as net assets. The statements reflect the accrual basis of accounting, which is similar to accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

Fund Financial Statements

The fund financial statements begin with Exhibit C and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by Charter. However, the Board of Aldermen establishes many other funds to help control and manage financial activities for particular purposes or to show that it is meeting legal responsibilities for using grants, and other money (like grants received for education from the State and Federal governments). The City's funds are divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds (Exhibits C, D and E): Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in Exhibit E.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City of New Haven's combined net assets increased from a year ago by \$42,943,018 to \$808,566,507. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$808,566,507 at the close of the fiscal year ended June 30, 2011.

By far the largest portion of the City's assets reflects its investment in capital assets (e.g., infrastructure, land, buildings, machinery and equipment, construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

CITY OF NEW HAVEN, CONNECTICUT
NET ASSETS
June 30, 2011 and 2010

TABLE 1

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 239,697,394	\$ 221,030,250	\$ 671,936	\$ 779,568	\$ 240,369,330	\$ 221,809,818
Capital assets	1,409,142,545	1,379,158,636	-	-	1,409,142,545	1,379,158,636
Total assets	1,648,839,939	1,600,188,886	671,936	779,568	1,649,511,875	1,600,968,454
Other liabilities	237,650,119	162,821,929	151,549	127,568	237,801,668	162,949,497
Long-term liabilities						
outstanding	602,623,313	671,743,468	-	-	602,623,313	671,743,468
Total liabilities	840,273,432	834,565,397	151,549	127,568	840,424,981	834,692,965
Net assets:						
Invested in capital assets, net of related debt	889,013,623	845,735,281	-	-	889,013,623	845,735,281
Restricted	16,979,104	12,550,193	-	-	16,979,104	12,550,193
Unrestricted	(97,426,220)	(92,661,985)	520,387	652,000	(96,905,833)	(92,009,985)
Total net assets	\$ 808,566,507	\$ 765,623,489	\$ 520,387	\$ 652,000	\$ 809,086,894	\$ 766,275,489

The change in governmental net assets is illustrated below:

**CITY OF NEW HAVEN, CONNECTICUT
CHANGES IN NET ASSETS**

TABLE 2

For the Years Ended June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 23,694,252	\$ 32,703,214	\$ 1,137,624	\$ 1,353,464	\$ 24,831,876	\$ 34,056,678
Operating grants and contributions	290,018,680	304,571,883	-	-	290,018,680	304,571,883
Capital grants and contributions	94,495,718	69,966,267	-	-	94,495,718	69,966,267
General Revenues:						
Property taxes	223,589,061	213,331,992	-	-	223,589,061	213,331,992
Grants and contributions not restricted to specific programs	53,781,158	54,721,798	-	-	53,781,158	54,721,798
Investment earnings	114,301	192,676	384	339	114,685	193,015
Gain on sale	3,450,000	3,775,000	-	-	3,450,000	3,775,000
Transfers	-	1,466,241	-	(1,466,241)	-	-
Total revenues	689,143,170	680,729,071	1,138,008	(112,438)	690,281,178	680,616,633
Expenses:						
Program Expenses:						
General government	38,378,265	38,324,187	-	-	38,378,265	38,324,187
Education	387,620,341	369,049,226	-	-	387,620,341	369,049,226
Public safety	100,362,361	95,866,212	-	-	100,362,361	95,866,212
Public works	43,462,757	46,150,257	-	-	43,462,757	46,150,257
Public services	34,963,806	36,094,387	-	-	34,963,806	36,094,387
Culture and recreation	11,008,820	12,194,921	-	-	11,008,820	12,194,921
Economic Development	7,778,651	8,599,509	-	-	7,778,651	8,599,509
Interest on long-term debt	22,625,151	22,380,844	-	-	22,625,151	22,380,844
Business Type	-	-	1,269,621	883,496	1,269,621	883,496
Total expenses	646,200,152	628,659,543	1,269,621	883,496	647,469,773	629,543,039
Change in net assets	42,943,018	52,069,528	(131,613)	(995,934)	42,811,405	51,073,594
Net Assets, beginning	765,623,489	713,553,961	652,000	1,647,934	766,275,489	715,201,895
Net Assets, ending	\$ 808,566,507	\$ 765,623,489	\$ 520,387	\$ 652,000	\$ 809,086,894	\$ 766,275,489

General Fund: Fund Balance, Ratings and City Debt

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

The year ending audited General Fund-Fund Balance for FY11 is \$16,827,620 which reflects a 4.0% increase over the previous year.

The major credit rating agencies look to fund balance as a barometer of fiscal health for the City. These rating agencies rate the risk for investors willing to buy debt issued for the purpose of financing the City's capital projects. The City's ratings history has remained unchanged for the last ten years with both Moody's and Standard and Poor's. In 2005 the City received its current rating from Fitch Investors Service.

Higher ratings translate into lower interest costs on capital borrowings. In conjunction with the City's sale of \$44,000,000 in general obligation bonds in July 2011, all three ratings agencies affirmed the City's rating as follows:

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

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

The City's bonds outstanding, as of June 30, 2010 totaled \$511,287,768 compared to June 30, 2011 total of \$499,238,340.

<u>Bonds Outstanding at Year-End</u>	
June 30, 2009	\$ 501,192,130
June 30, 2008	\$ 497,007,908
June 30, 2007	\$ 490,896,510
June 30, 2006	\$ 503,307,879
June 30, 2005	\$ 525,278,746
June 30, 2004	\$ 500,848,442
June 30, 2003	\$ 428,682,276

The City's current debt service requirements attribute 60% of its costs to the City's Board of Education (includes both School construction and non school construction capital cost) and 40% of its cost to other City capital expenses

Capital Assets

At June 30, 2011 the City had \$1.4 billion invested in a broad range of capital assets, including land, construction in process, buildings, vehicles and equipment, roads, bridges and storm sewer lines.

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

TABLE 3

	2011	2010
Land	\$ 44,140,306	\$ 44,140,306
Construction in process	104,678,802	48,686,284
Land improvements	4,865,326	462,693
Building and improvements	1,181,509,770	1,207,460,298
Machinery and equipment	3,446,006	3,622,823
Vehicles	6,368,703	6,770,829
Infrastructure	64,133,632	68,015,403
Total	\$ 1,409,142,545	\$ 1,379,158,636

Major additions during FY11 included the continuing improvements and construction of refurbished and new school construction as part of the City's \$1.5 billion dollar school construction program.

FY11 General Fund Budget

The following table summarizes the General Fund operating results for FY11:

	Original Budget	Final Budget	Actual	Positive (Negative) Variance
Revenues	\$ 471,583,095	\$ 471,583,095	\$ 467,916,515	\$ 3,666,580
Expenditures	471,583,095	471,583,095	467,266,612	4,316,483
Surplus/(Deficit)	\$ -	\$ -	\$ 649,903	\$ 649,903

The Board of Aldermen originally approved the Mayor's FY11 City General Fund Budget on May 27, 2010 in compliance with City Charter requirements. The Connecticut State Legislature had not yet completed the State's budget. After the State budget process was completed, certain State Revenue items listed in the City's recently adopted budget needed to be changed. In previous years, State revenue had accounted for more than fifty percent of the City budget. In Fiscal Year 2011 State revenue was about forty three percent of the City's general fund budget. The mill rate remained level, the City froze the grand list at its current level (the phase-in plan of the 2006 State mandated property revaluation was suspended).

About 37% of the total budget is for the Board of Education. Of the City's entire \$471,583,095 general fund budget, \$173,019,297 is budgeted for the Board of Education and \$298,563,798 is non-Education related.

Beginning with the submission of the August 2009 Monthly Report, City Administrators projected several deficit areas in the general fund budget. In accordance with City Ordinance Section 2-389, "Action to eliminate a Projected Deficit", the monthly report contained a plan of action to avert the potential deficit areas as indicated by City Administrators and to balance the budget. The plan included a strict expenditure controls program, including a freeze on personnel hiring, energy procurement and

conservation, review of capital project balances, stricter oversight over Police and Fire overtime spending, and pre-approval of all non-personnel spending. In addition, initiatives were established on the revenue side of the budget. A strong property tax collection program was implemented as well as reviews of all development and PILOT agreements, expanded assessment initiatives, including motor vehicle discovery and the initiation of a personal property tax audit program, enhancements to the parking tag collection program, transfer of residual balances from the transfer station enterprise program and the sale of certain City assets.

City revenues increased significantly at the end of the fiscal year due to the unexpected receipt of more than \$11 million in reimbursements from the State of Connecticut. In February 2010, the State Department of Education notified the Board of Education and the City that the FY11 reimbursement for two schools would not be made until FY12 at the earlier due to funding issues and final project data having to be submitted. Subsequent to that notification, the City and Board of Education worked diligently in tracking the payment of these funds. The City, while expecting payment, anticipated that the State would likely schedule these payments over the course of several years.

Internal Service Funds:

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

Self Insurance:

The City's self insurance fund has negative net assets of \$17,337,340 of which, \$10.7 million is attributed to case reserves. Approximately \$7.4 million represents an under-funded liability for the City. The total negative net assets are higher than the previous year total which was reported as \$16,164,867. Case reserves increased from \$8.8 million to \$10.7 million and a decrease of \$.4 million and the under-funded liability decreased from \$8.7 million to \$7.4 million.

In order to make the fund whole, the City has developed a plan which includes increases in the annual appropriation to the fund. Since FY2006 the City has steadily increased its appropriation for the fund. In 2006, the general fund appropriation increased to \$2.5 million from the previous year's \$1.7 million, in FY2007, the appropriation was increased to \$2.5 million, increased to \$2.7 million in FY2008 and FY2009. In FY2010, the general fund appropriation was increased to \$2.9 million and in FY2011, the appropriation was increased to \$4.0 million.

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

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

Medical Self-Insurance:

As a self-insured entity, the City covers all associated costs for its employees medical insurance, Anthem Health Care Plans is the Third Party Administrator and the City uses the Anthem Health Care network. The Medical Self Insurance account ended with a slight surplus of \$26,167 for the year ending June 30, 2011. There was a 4% increase in total expenditures from \$59,923,428 spent in FY2010 to \$62,490,164 spent in FY2011. Besides inflationary factors, the increase in cost is mainly due to utilization and to a lesser degree to an increase in cost per service. Annually, the City solicits proposals from insurance companies interested in providing excess "stop loss" medical benefit insurance. The City has been able to obtain this insurance for FY2011, with a stop gap limit of \$1 million.

Worker's Compensation:

The Worker's Compensation fund shows a small surplus \$35,438. This is a small increase of \$866 from the previous year.

Capital Project Funds:

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

The Office of the Controller enforces certain spending controls in its administration and expenses for capital projects. All capital expenditures must be appropriate in their use as stated in the capital funds narrative. The City implemented the Capital Funds Borrowing Plan in fiscal year 2003. The plan calls for annual reviews of all outstanding capital appropriations for their importance and priority. It also defines the life of a capital appropriations and established procedures so that capital borrowings meet the financial parameters established in the Capital Funds Borrowing Plan. The review of capital appropriations successfully resulted in the closing out of various capital accounts when projects were completed and funds remained unspent and un-obligated. In FY2011, the capital review resulted in savings that was used to reduce the debt service for the general fund by about \$360,000.

Education Grants:

The City's Education Grant Funds reported an increase in revenues of \$5.6 million and an increase in spending of \$5.9 million, and in addition, the City transferred in \$1.4 million of General Fund contributions to the Food Service Fund for the City's School Breakfast and Lunch Programs. The City received \$8.1 million of America Recovery and Reinvestment Act funds.

Tax Collections

Current Taxes

The City's tax collection rate for FY11 was 97.5%, a slight decrease from last year's rate of 98.22%.

Individually, real estate collections were \$182,379,973 personal property collections were \$16,796,997 Motor Vehicle collections were \$12,934,234 and supplemental motor vehicle collections were \$1,791,448.

Conclusion

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

Basic Financial Statements

STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total *	Parking Authority	Solid Waste Authority
Assets					
Cash and cash equivalents	\$ 87,340,567	\$ 660,070	\$ 88,000,637	\$ 11,352,921	\$ 556,428
Investments	6,065,476	-	6,065,476	-	-
Receivables (net of allowance for uncollectible)	88,886,622	17,094	88,903,716	1,359,705	861,412
Inventories	33,927	-	33,927	-	-
Prepaid expenses and other assets	79,793	-	79,793	472,778	-
Deferred charges	3,407,662	-	3,407,662	286,589	-
Due from component units	5,230,171	-	5,230,171	-	-
Internal balances	5,228	(5,228)	-	-	-
Restricted cash and cash equivalents	-	-	-	11,835,114	265,533
Restricted investments	-	-	-	2,910,102	3,269,943
Long-term intergovernmental receivables	48,647,948	-	48,647,948	-	-
Capital assets not being depreciated	148,819,108	-	148,819,108	1,273,550	2,455,000
Capital assets being depreciated	1,260,323,437	-	1,260,323,437	24,296,528	4,900,255
Total assets	1,648,839,939	671,936	1,649,511,875	53,787,287	12,308,571
Liabilities					
Accounts payable and accrued liabilities	81,053,915	151,549	81,205,464	2,226,606	1,031,971
Accrued interest payable	6,537,025	-	6,537,025	58,005	-
Due to primary government	-	-	-	5,230,171	-
Unearned revenue	20,233,740	-	20,233,740	-	6,926
Grant anticipation notes	55,260,968	-	55,260,968	-	-
Noncurrent Liabilities:					
Due within one year	74,564,471	-	74,564,471	2,330,000	400,000
Due in more than one year	602,623,313	-	602,623,313	10,494,492	9,281,704
Total liabilities	840,273,432	151,549	840,424,981	20,339,274	10,720,601
Net Assets					
Invested in capital assets, net of related debt	889,013,623	-	889,013,623	13,032,175	1,355,255
Restricted	16,979,104	-	16,979,104	14,464,131	-
Unrestricted (deficit)	(97,426,220)	520,387	(96,905,833)	5,951,707	232,715
Total net assets	\$ 808,566,507	\$ 520,387	\$ 809,086,894	\$ 33,448,013	\$ 1,587,970

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

* After internal receivable and payables have been eliminated.

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ (38,378,265)	\$ 12,490,819	\$ 7,928,338	\$ -
Education	(387,620,341)	1,455,568	249,099,169	71,465,678
Public Safety	(100,362,361)	313,820	-	-
Culture and recreation	(11,008,820)	339,255	-	-
Public Works	(43,462,757)	7,131,969	-	23,030,040
Public Services	(34,963,806)	1,962,821	32,991,173	-
Economic Development	(7,778,651)	-	-	-
Interest on Long-Term Debt	(22,625,151)	-	-	-
Total governmental activities	(646,200,152)	23,694,252	290,018,680	94,495,718
Business-Type Activities				
Recreation	(1,269,621)	1,137,624	-	-
Total primary government	(647,469,773)	24,831,876	290,018,680	94,495,718
Component Units:				
Parking Authority	(21,593,997)	20,699,325	-	-
Solid Waste Authority	(6,954,157)	7,118,992	-	-
Total component units	(28,548,154)	27,818,317	-	-

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

Change in net assets

Net assets, beginning
Net assets - ending

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

EXHIBIT B

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Parking Authority	Solid Waste Authority
\$ (17,959,108)	\$ -	\$ (17,959,108)	\$ -	\$ -
(65,599,926)	-	(65,599,926)	-	-
(100,048,541)	-	(100,048,541)	-	-
(10,669,565)	-	(10,669,565)	-	-
(13,300,748)	-	(13,300,748)	-	-
(9,812)	-	(9,812)	-	-
(7,778,651)	-	(7,778,651)	-	-
(22,625,151)	-	(22,625,151)	-	-
(237,991,502)	-	(237,991,502)	-	-
-	(131,997)	(131,997)	-	-
(237,991,502)	(131,997)	(238,123,499)	-	-
-	-	-	(894,672)	-
-	-	-	-	164,835
-	-	-	(894,672)	164,835
223,589,061	-	223,589,061	-	-
53,781,158	-	53,781,158	-	-
114,301	384	114,685	166,964	8,197
3,450,000	-	3,450,000	(3,602)	-
280,934,520	384	280,934,904	163,362	8,197
42,943,018	(131,613)	42,811,405	(731,310)	173,032
765,623,489	652,000	766,275,489	34,179,323	1,414,938
\$ 808,566,507	\$ 520,387	\$ 809,086,894	\$ 33,448,013	\$ 1,587,970

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Education Grant Funds	Capital Project Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 26,360,003	\$ 7,252,655	\$ 21,681,409	\$ 21,447,670	\$ 76,741,737
Investments	1,722,115	-	-	4,343,361	6,065,476
Receivables from other governments	59,902,592	5,104,708	47,814,970	3,657,942	116,480,212
Receivables, net	23,325,246	95,423	865,429	504,300	24,790,398
Due from other funds	14,324,910	-	-	2,163,096	16,488,006
Inventories	-	33,927	-	-	33,927
Prepays	-	-	79,793	-	79,793
Advances to other funds	7,000,000	-	-	-	7,000,000
Total assets	\$ 132,634,866	\$ 12,486,713	\$ 70,441,601	\$ 32,116,369	\$ 247,679,549
Liabilities					
Accounts payable	\$ 18,522,002	\$ 3,185,466	\$ 7,676,358	\$ 4,851,654	\$ 34,235,480
Accrued liabilities	14,108,085	1,440,523	21,424	199,487	15,769,519
Retainage payable	-	-	-	256,921	256,921
Due to other funds	-	4,286,611	661,266	3,572,065	8,519,942
Due to other governments	207,589	-	-	608,387	815,976
Deferred revenue	57,037,661	-	47,491,773	1,156,701	105,686,135
Unearned revenue	20,213,955	-	-	19,785	20,233,740
Grant anticipation notes	-	-	55,260,968	-	55,260,968
Advances	-	3,000,000	-	-	3,000,000
Other liabilities	5,717,954	-	1,374,922	3,121,862	10,214,738
Total liabilities	115,807,246	11,912,600	112,486,711	13,786,862	253,993,419
Fund balances (deficits)					
Nonspendable	7,000,000	33,927	79,793	2,381,320	9,495,040
Restricted	-	540,186	-	12,609,813	13,149,999
Committed	-	-	-	2,480,268	2,480,268
Assigned	-	-	-	858,106	858,106
Unassigned	9,827,620	-	(42,124,903)	-	(32,297,283)
Total fund balances (deficits)	16,827,620	574,113	(42,045,110)	18,329,507	(6,313,870)
Total liabilities and fund balances (deficits)	\$ 132,634,866	\$ 12,486,713	\$ 70,441,601	\$ 32,116,369	

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	1,409,142,545
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(6,537,025)
Deferred Charges	3,407,662
Deferred revenues are not available and therefore not recognized in the funds	105,686,135
Internal service funds are used by management to charge the costs of liability and medical insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(17,275,735)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(679,543,205)

Net assets of governmental activities**\$ 808,566,507**

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General Fund	Education Grant Funds	Capital Project Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 218,720,737	\$ -	\$ -	\$ -	\$ 218,720,737
Licenses and permits	13,195,587	-	-	-	13,195,587
Intergovernmental	227,634,807	80,895,055	68,706,038	28,476,182	405,712,082
Charges for services	3,698,997	1,431,510	-	2,686,032	7,816,539
Fines	5,709,988	-	-	-	5,709,988
Investment earnings	20,088	29	-	94,184	114,301
Payment in lieu of taxes	1,820,138	-	-	-	1,820,138
Contributions and other	15,121,761	443,327	5,289,339	8,055,749	28,910,176
Total revenues	485,922,103	82,769,921	73,995,377	39,312,147	681,999,548
Expenditures					
Current:					
General government	22,657,537	-	-	8,047,330	30,704,867
Public safety	73,739,649	-	-	-	73,739,649
Public works	15,178,767	-	9,637,090	2,765,358	27,581,215
Public services	6,537,247	-	-	25,358,661	31,895,908
Other Departments	677,539	-	-	-	677,539
Employee benefits and insurance	106,160,244	-	-	-	106,160,244
Culture and recreation	8,576,710	-	-	-	8,576,710
Economic Development	-	-	7,778,651	-	7,778,651
Education	193,103,792	82,945,629	-	-	276,049,421
Debt Service:					
Principal	41,068,348	-	-	550,000	41,618,348
Interest	23,246,280	-	-	87,073	23,333,353
Capital outlay	-	-	69,472,533	-	69,472,533
Total expenditures	490,946,113	82,945,629	86,888,274	36,808,422	697,588,438
Revenues over (under) expenditures	(5,024,010)	(175,708)	(12,892,897)	2,503,725	(15,588,890)
Other Financing Sources (Uses)					
Bond proceeds	15,695,000	-	28,570,000	-	44,265,000
Proceeds from sale of capital assets	3,450,000	-	-	-	3,450,000
Payment to escrow	(16,569,312)	-	-	-	(16,569,312)
Premium on bond issuances	874,312	-	-	2,163,096	3,037,408
Transfers in	4,356,227	1,077,314	-	785,000	6,218,541
Transfers out	(2,132,314)	-	(4,086,227)	-	(6,218,541)
Total other financing sources (uses)	5,673,913	1,077,314	24,483,773	2,948,096	34,183,096
Net change in fund balances (deficits)	649,903	901,606	11,590,876	5,451,821	18,594,206
Fund Balances (Deficits), beginning	16,177,717	(327,493)	(53,635,986)	12,877,686	(24,908,076)
Fund Balances (Deficits), ending	\$ 16,827,620	\$ 574,113	\$ (42,045,110)	\$ 18,329,507	\$ (6,313,870)

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

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

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

Net change in fund balances-total governmental funds (Exhibit D)	\$ 18,594,206
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	29,983,909
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,693,622
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	13,294,433
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(21,466,108)
Internal service funds are used by management to charge the costs of liability and medical insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>(1,157,044)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 42,943,018</u>

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

STATEMENT OF NET ASSETS (DEFICITS) - PROPRIETARY FUNDS

June 30, 2011

	Business-Type Activities - Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 660,070	\$ 10,598,830
Accounts receivable (net allowance for uncollectible)	17,094	1,494,131
Due from other funds	-	2,760,885
Total assets	677,164	14,853,846
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	151,549	1,890,962
Due to other funds	5,228	10,773,721
Accrued estimated healthcare claims	-	4,782,673
Claims and judgments payable	-	3,631,750
Total current liabilities	156,777	21,079,106
Noncurrent liabilities:		
Claims and judgments payable	-	7,050,475
Advances from other funds	-	4,000,000
Total noncurrent liabilities	-	11,050,475
Total liabilities	156,777	32,129,581
NET ASSETS (DEFICITS)		
Unrestricted	520,387	(17,275,735)
Total net assets (deficits)	\$ 520,387	\$ (17,275,735)

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICITS) -
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2011**

	Business-Type Activities - Enterprise Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Charges for sales and services:		
Other services	\$ 1,137,624	\$ 66,504,727
Miscellaneous	-	88,295
Total operating revenues	<u>1,137,624</u>	<u>66,593,022</u>
OPERATING EXPENSES		
Costs of sales and services	1,269,621	67,750,066
Total operating expenses	<u>1,269,621</u>	<u>67,750,066</u>
Operating (loss)	<u>(131,997)</u>	<u>(1,157,044)</u>
NONOPERATING REVENUES		
Interest income	384	-
Total non-operating revenues	<u>384</u>	<u>-</u>
Change in net assets	(131,613)	(1,157,044)
TOTAL NET ASSETS (DEFICITS), beginning	<u>652,000</u>	<u>(16,118,691)</u>
TOTAL NET ASSETS (DEFICITS), ending	<u>\$ 520,387</u>	<u>\$ (17,275,735)</u>

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business-Type	
	Activities - Enterprise Fund	Governmental Activities
	Other Enterprise Funds	Internal Service Funds
Cash Flow From Operating Activities		
City's contribution	\$ -	\$ 55,603,659
Cash received from users	1,202,234	10,901,068
Payments to suppliers	(1,245,640)	-
Internal activity-payments (used in)(to) other funds	7,419	-
Claims and other expenses paid	-	(59,821,023)
Other receipts	-	108,103
Net cash (used in) provided by operating activities	(35,987)	6,791,807
Cash Flows From Investing Activities		
Interest and dividends	384	-
Net cash provided by investing activities	384	-
(Decrease) increase in cash and cash equivalents	(35,603)	6,791,807
Cash and Cash Equivalents		
Beginning	695,673	3,807,023
Ending	\$ 660,070	\$ 10,598,830
Reconciliation of Operating (Loss) to Net Cash (Used in) Provided by Operating Activities		
Operating (loss)	\$ (131,997)	\$ (1,157,044)
Adjustments to reconcile operating (loss) to net cash (used in) provided by operating activities:		
Change in assets and liabilities:		
Decrease in accounts receivable, net	64,610	272,658
Decrease in due from other funds	7,188	818,652
Increase in accounts payable	23,981	-
Increase in accrued expenses and claims payable	-	1,923,950
Decrease in accrued estimated healthcare payments	-	(664,587)
Increase in due to other funds and advances	231	5,598,178
Net cash (used in) provided by operating activities	\$ (35,987)	\$ 6,791,807

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

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2011

	Trust Funds
	<u> </u>
ASSETS	
Cash and short-term investments	\$ 20,844,014
Interest and dividends receivable	1,188,399
Accounts receivable-investment sales	8,098,331
Accounts receivable- other	319,187
Due from other funds	50,000
	<u>30,499,931</u>
Investments, at fair value:	
Government agencies	6,447,193
Government bonds	19,630,948
Municipal bonds	831,794
Government mortgages	4,097,857
Common and preferred stock	233,023,982
Equity Exchange traded funds	5,551,722
Commercial backed mortgages	1,169,733
Corporate bonds	49,241,987
Fixed Income	3,909,412
Corporate convertible bonds	2,437,367
Hedge Equities	7,456,559
Managed Futures	13,845,499
Asset-backed securities	8,201,928
Venture capital partnerships	39,283,147
Commodity - ETFs	1,762,197
Non-government backed bonds	586,016
Real estate funds	21,863,527
Total investments	<u>419,340,868</u>
Total assets	<u>449,840,799</u>
LIABILITIES	
Accounts payable-vendors	751,183
Accounts payable-investment purchases	2,061,251
Accounts payable-other	6,859
Accrued liabilities	309,506
Total liabilities	<u>3,128,799</u>
NET ASSETS HELD IN TRUST	<u><u>\$ 446,712,000</u></u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Year Ended June 30, 2011

	<u>Trust Funds</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 49,398,817
Plan members	12,619,365
Total contributions	<u>62,018,182</u>
Investment Earnings:	
Net appreciation in fair value of investments	67,188,873
Interest	5,090,701
Alternative investment distribution income	1,556,089
Miscellaneous Income	272,006
Dividends	4,544,659
Total investment income	<u>78,652,328</u>
Less investment expenses:	
Investment management fees	2,173,354
Investment administrative fees	552,228
Legal fees	114,671
Foreign dividend tax expense	75,533
Net investment earnings	<u>75,736,542</u>
Total additions	<u>137,754,724</u>
DEDUCTIONS	
Benefits	81,725,820
Total deductions	<u>81,725,820</u>
Changes in net assets	56,028,904
NET ASSETS HELD IN TRUST	
Beginning of year	<u>390,683,096</u>
End of year	<u>\$ 446,712,000</u>

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

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

Discretely Presented Component Units

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

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

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

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period (generally 60 days). Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to long-term liabilities, such as debt service payments and expenditures related to compensated absences, pension obligations and other post-employment obligations and claims and judgments, are recorded only when payment is due (matured).

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City's government. The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

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

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

Additionally, the City reports the following fund types:

Governmental Funds

Special Revenue Funds - Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt.

Debt Service Fund – Used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

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

Proprietary Funds

Enterprise Funds - Used to account for operations as follows:

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

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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

Fiduciary Funds

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and the enterprise funds reported in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their government-wide and proprietary fund financial statements subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the City's enterprise funds and internal service funds are charges to customers for services. Operating expenses for enterprise and internal service funds include the cost of operations and maintenance, provisions for doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Accounting Estimates

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

Cash and Cash Equivalents

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Investments

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

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

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

Receivables

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

Internal Payables and Receivables

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

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

Allowance for Doubtful Accounts

Accounts receivable for the primary government are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based on past collection history and on analysis of creditor's ability to pay.

Inventories

Inventory of the cafeteria fund consists of supplies and food for consumption and is stated at the lower of cost or market with cost based on (a) actual cost for purchased food and (b) stated value approximating fair value assigned by the federal government for food donated by the federal government, using the first-

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

in, first-out basis. Inventories are recorded as expenditures when purchased. Donated items are valued at market value and recorded as revenue when received and as expenditures when used.

Restricted Assets

At June 30, 2011, the Parking Authority had approximately \$14,745,000 in restricted assets. In accordance with the resolutions of each bond issue, certain assets of their Union Station Facility are restricted and held by a trustee for the protection of the bondholders. Additionally, certain assets of the Union Station Facility are restricted in accordance with the Lease and Funding Agreement.

At June 30, 2011 the Solid Waste Authority also had approximately \$3,535,000 in restricted assets. The restricted assets were held in deposits and maintained to meet legal obligations of debt service, capital project fund, cost of bond issuance and other repairs and maintenance reserve funds.

Capital Assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Compensated Absences

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

Long-term obligations

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

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

Net Assets

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

- **Investment in Capital Assets, Net of Related Debt** - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- **Restricted Net Assets** - This category presents amounts of external restrictions imposed by creditors, grantors, contributors and laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Assets (Deficit)** - This category represents the net assets of the City which are not restricted. A deficit will require future funding.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Fund Balance

In the governmental fund financial statements, the City reported the following fund balances:

- **Nonspendable Fund Balance** – Amounts which cannot be spent either because they are not in spendable form, or because they are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- **Committed Fund Balance** – This represents amounts constrained, prior to year-end, for a specific purpose by a government using its highest level of decision-making authority (City of New Haven Board of Aldermen).
- **Assigned Fund Balance** – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.
- **Unassigned Fund Balance** – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the City's practice to use restricted resources first. Additionally, the City would first use committed, then assigned, and lastly unassigned.

Pension accounting

Pension Trust Funds:

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

Governmental Funds and Activities:

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

Funding Policy:

The City makes annual contributions based on the Board of Aldermen's decisions using actuaries' recommendation.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

Other Post Employment Obligations (“OPEB”) accounting

OPEB Trust:

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Plan members began contributing on July 1, 2007.

Governmental Funds and Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the City's contributions to the plan since July 1, 2007, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation is recorded as a noncurrent liability in the government-wide financial statements.

Funding Policy:

The City makes annual contributions based on the Board of Aldermen's decisions using the actuaries' recommendation.

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

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

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

The details of this difference are as follows:

Bonds payable	\$ 499,238,340
Premium on refunding, Net	1,941,971
Gain/Loss on refunding, Net	(565,734)
Notes payable	2,680,000
Retainage	3,615,359
Contractual obligation	7,919,133
Compensated absences	22,023,485
Capital leases payable	291,449
Accrued workers compensation	35,135,704
Net pension obligation	13,301,198
Net OPEB obligation	90,669,300
Landfill closure and post-closure	1,350,000
Pollution remediation	1,943,000
	<hr/>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 679,543,205</u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

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

Capital outlay	\$ 67,889,608
Depreciation expense	(37,594,915)
Loss on asset disposal	<u>(310,784)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 29,983,909</u>

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

Debt issued or incurred:	
Issuance of general obligation bonds	\$ 28,570,000
Issuance of refunding debt	15,695,000
Principal repayments:	
Debt	(40,805,966)
Payment to Escrow	(16,569,312)
Capital lease payments	<u>(184,155)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (13,294,433)</u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

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

Amortization of debt issuance costs	\$	285,000
Premium on refunding		1,941,971
Loss on refunding		(565,734)
Net decrease in compensated absences		(5,891,634)
Net increase in accrued workers compensation		1,574,104
Net increase in retainage		3,615,359
Net increase in unfunded pension obligation		281,304
Net increase in unfunded OPEB obligation		18,345,800
Net decrease in landfill closure and post-closure		(150,000)
Net increase in accrued interest		86,938
Net increase in pollution remediation		1,943,000
		<hr/>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$	21,466,108
		<hr/> <hr/>

Note 3. Cash, Cash Equivalents and Investments

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

Investments: The investment policies of the City conform to the policies as set forth by the State of Connecticut. The City does not have a custodial credit risk policy. The City's policy is to only allow prequalified financial institution broker/dealers and advisors. The City policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market funds 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. Connecticut General Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

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

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

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

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

Deposits

The bank balances of the Primary Government's cash accounts at June 30, 2011, were approximately \$90,641,000. The amount of the bank balances covered under federal depository insurance was \$2,762,000. The remaining \$87,879,000 of deposits were uninsured. Provisions of the Connecticut General Statutes provide for protection against loss in excess of deposit insurance by requiring all qualified public depositories to maintain segregated collateral for public deposits. As of June 30, 2011, approximately \$9,340,000 of uninsured deposits were collateralized under the provision.

The New Haven Parking Authority's bank balance totaled approximately \$23,294,000, of which approximately \$614,000 was covered by FDIC protection and the remaining \$22,626,000 is uninsured. As of June 30, 2011, approximately \$1,342,000 of the uninsured deposits were collateralized.

The New Haven Solid Waste Authority's bank balance totaled approximately \$3,844,000, of which approximately \$834,000 was insured and collateralized and \$3,009,000 was uninsured and uncollateralized.

Investments

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

The City's Primary Government cash, cash equivalents and investments consist of the following at June 30, 2011:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 91,246,646
State of Connecticut Short-Term Investment fund	3,619,050
Cutwater Connecticut CLASS Plus	10,425,323
Tax Exempt Proceeds Fund	3,553,632
Total cash and cash equivalents	<u>108,844,651</u>
Investments	
General Fund	
Corporate bonds	660,449 *
Municipal bonds	23,464
Other bond funds	161,084
Common stock	877,118 *
Total General Fund	<u>1,722,115</u>
Other Nonmajor Funds	
Mutual funds	1,844,301
Fixed income funds	648,411
Corporate bonds	705,496 *
Municipal bonds	25,065
Government bonds	14,565 *
Common stock	936,943 *
Other assets	168,580 *
Total other nonmajor funds	<u>4,343,361</u>
Pension Trust Funds:	
Fixed income	3,909,412
Government agency	6,447,193 *
Municipal bonds	831,794 *
Government mortgages	4,097,857 *
Common stock	233,023,982 *
Government bonds	19,630,948 *
Commercial backed mortgages	1,169,733 *
Corporate bonds	49,241,987 *
Equity exchange traded funds	5,551,722
Corporate convertible bond	2,437,367 *
Hedge equities	7,456,559
Managed futures	13,845,499
Asset-backed securities	8,201,928 *
Venture capital partnerships	39,283,147
Commodity - ETF	1,762,197
Non-governmental backed bonds	586,016 *
Real estate investment trust	21,863,527
Total pension trust funds	<u>419,340,868</u>
Total investments	<u>425,406,344</u>
Total cash, cash equivalents and investments	<u>534,250,995</u>

* These investments are uninsured and unregistered, with securities held by the counterparty, but in the City's or the pension fund's name.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

Statement of Net Assets	
Cash and cash equivalents	\$ 88,000,637
Investments	6,065,476
	<u>94,066,113</u>
Fiduciary Funds	
Cash and cash equivalents	20,844,014
Investments	419,340,868
	<u>440,184,882</u>
Total cash, cash equivalents and investments	<u>\$ 534,250,995</u>

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

Cash and Cash Equivalents:	
New Haven Parking Authority	\$ 23,188,035
New Haven Solid Waste Authority	821,961
Total deposits	<u>\$ 24,009,996</u>

At June 30, 2011, the New Haven Parking Authority cash and cash equivalents included \$11,835,114 of restricted cash and cash equivalents.

At June 30, 2011, the Solid Waste Authority's cash and cash equivalents included \$265,533 of restricted short-term investments classified as cash equivalents.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Investments

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

	Investment Maturities (In Years)				
	Fair Value	Less than 1	1-5	6-10	More Than 10
Asset backed securities	\$ 8,201,928	\$ -	\$ 3,527	\$ 202,155	\$ 7,996,246
Corporate convertible bonds	2,437,367	-	934,352	216,494	1,286,521
Commercial mortgage backed	1,169,733	-	-	-	1,169,733
Corporate bonds	50,607,932	13,421,016	14,464,329	13,009,543	9,713,044
Government agencies	6,447,193	3,621,735	2,083,526	741,932	-
Government bonds	19,645,513	14,565	10,381,436	5,158,956	4,090,556
Government mortgages	4,097,857	-	278,887	877,643	2,941,327
Municipal bonds	880,323	-	229,560	650,763	-
Other bond funds	161,084	161,084	-	-	-
Non-governmental backed bonds	586,016	-	-	586,016	-
Fixed income funds	4,557,823	4,557,823	-	-	-
Pooled fixed income	17,598,005	17,598,005	-	-	-
Total	\$ 116,390,774	\$ 39,374,228	\$ 28,375,617	\$ 21,443,502	\$ 27,197,427

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Credit Risk

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

	Fair Value	Standard & Poor's	Moody's
Asset-backed securities	\$ 8,201,928	AAA-B	Aa-Caa
Corporate convertible bonds	2,437,367	A-CCC	A-Caa
Commercial mortgage backed	1,169,733	AAA-BB	Aaa-Baa
Corporate bonds	50,607,932	AAA-B+	Aaa-B3
Municipal/Provincial bonds	880,323	A- - AA	A3-Aa
Other bond funds	161,084	N/A	N/A
Non-government backed	586,016	AAA-BBB	A-Caa
Fixed income funds	4,557,823	N/A	N/A
Pooled fixed income	17,598,005	AAA/M	Aaa

Foreign Currency Risk

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

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

Investment	Currency	Maturity	Fair Value
Government Bonds	Euro	7/20/2018 - 12/31/2033	\$ 65,726
Government Bonds, Government Agencies	Indonesian Rupiah	8/20/2015 - 8/15/2030	634,647
Government Bonds	Mexican Peso	6/18/2015 - 7/12/2023	335,864
Government Bonds	South African Rand	2/31/2021	70,932
Government Bonds, Municipal/Provincial Bonds, Corporate Bonds	Canadian Dollar	1/9/2012 - 2/16/2021	1,613,655
Government Agencies	New Zealand Dollar	9/18/2017 - 12/15/2017	682,362
Corporate Bonds	British Pound Sterling	2/1/2017	(2,669)
Municipal/Provincial Bonds, Corporate Bonds	Australian Dollar	2/13/2012 - 3/3/2016	412,937
Government Agencies	Philippine Peso	11/26/2015	369,503
Corporate Convertible Bonds	Japanese Yen	11/14/2014	30,409
Government Agencies	Indian Rupee	10/1/2011 - 10/29/2013	598,420
Government Bonds	Malaysian Ringgit	5/31/2013	112,658
Corporate Bonds	Russian Ruble	3/25/2013	47,865
Government Agencies	South Korean Won	2/26/2013	348,427
Cash and Cash Equivalents	Swedish Krona	N/A	14,458
			<u>\$ 5,335,194</u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Component Unit Investments

As of June 30, 2011, the New Haven Parking Authority's sole investment was in a Federal Home Loan Mortgage Corp. (FHLMC) Discount Note with a carrying value of \$2,910,102 and a maturity date of December 1, 2011.

As of June 30, 2011, the Solid Waste Authority had restricted investments of \$3,269,943 in Money Market Mutual Funds.

Note 4. Receivables

Receivables at June 30, 2011 were as follows:

	General	Education Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 10,681,601	\$ -	\$ -	\$ -	\$ 10,681,601
Other	16,711,514	95,423	865,429	504,300	18,176,666
Intergovernmental	59,902,592	5,104,708	57,814,970	3,657,942	126,480,212
Gross receivables	87,295,707	5,200,131	58,680,399	4,162,242	155,338,479
Allowance for doubtful accounts	(4,067,869)	-	(10,000,000)	-	(14,067,869)
Total receivables, net	\$ 83,227,838	\$ 5,200,131	\$ 48,680,399	\$ 4,162,242	\$ 141,270,610

The New Haven Parking Authority, a component unit, has accounts receivable of \$1,359,705 which includes amounts due from customers for monthly parking and from tenants under lease agreements. These receivables are due within one year and are net of a reserve for doubtful accounts of \$79,986. The reserve method is used by the Authority based on historical experience and review of existing receivables.

The New Haven Solid Waste Authority, a component unit, has accounts receivable of \$861,412 which includes amounts due from customers for disposal of solid waste at the Authority's Transfer Station. These receivables are due in one year and are deemed by management to be collectible. There is no reserve for doubtful accounts as of June 30, 2011.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 5. Unearned Revenue/Deferred Revenue

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

	Deferred	Unearned
General Fund:		
Taxes and accrued interest on delinquent property taxes	\$ 5,648,833	\$ 20,213,955
School construction receivable	48,647,948	-
Miscellaneous receivable	2,740,880	-
Capital Projects Fund		
Intergovernmental grants receivable	47,491,773	-
Nonmajor Governmental Funds:		
Intergovernmental grants receivable	1,156,701	19,785
Total	<u>\$ 105,686,135</u>	<u>\$ 20,233,740</u>

Note 6. Loans Receivable

Loans receivable are loans disbursed from U.S. Department of Housing and Urban Development grant proceeds and Economic Development Committee proceeds.

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

Loans receivable consist of various loans totaling approximately \$35,029,000, of which there is an allowance for collection losses equal to 100 percent of the total loans receivable.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 7. Internal Balances and Transfers

Internal Balances Receivables and Payables

As of June 30, 2011, internal amounts receivable from and payable to other funds were as follows:

	Receivables (Due From)	Payables (Due To)
Primary Government:		
General Fund	\$ 14,324,910	\$ -
Major Funds:		
Education Grants	-	4,286,611
Capital Project Funds	-	661,266
	-	4,947,877
Other Nonmajor Funds:		
Community Development	-	722,978
Improvement	-	287,766
Human Resources	-	1,851,708
Redevelopment	-	4,443
Debt Service Fund	2,163,096	-
Other	-	649,165
Other ETF	-	56,005
	2,163,096	3,572,065
Internal Service Funds	2,760,885	10,773,721
Employee Retirement Funds	50,000	-
Enterprise Funds	-	5,228
Total primary government	\$ 19,298,891	\$ 19,298,891

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

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

Transfers

As of June 30, 2011, amounts transferred between funds were as follows:

	Transfers In	Transfers Out
General Fund	\$ 4,356,227	\$ 2,132,314
Education Grants	1,077,314	-
Capital Projects Funds	-	4,086,227
Other Nonmajor Governmental Funds	785,000	-
	<u>\$ 6,218,541</u>	<u>\$ 6,218,541</u>

Transfers from the General Fund to the Education Grants Fund primary represent support of the Food Service Program. Transfers from the Capital Project Fund to the General Fund represent unused capital appropriations that were used to pay debt service. Transfers out of Internal Service Fund was to the General Fund for unused funds.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 8. Capital Assets

Capital asset activity for the year ended June 30, 2011 is as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 44,140,306	\$ -	\$ -	\$ 44,140,306
Construction in progress	48,686,284	55,992,518	-	104,678,802
Total capital assets, not being depreciated	<u>92,826,590</u>	<u>55,992,518</u>	<u>-</u>	<u>148,819,108</u>
Capital assets, being depreciated:				
Buildings and improvements	1,422,892,169	9,531,107	-	1,432,423,276
Land improvements	16,178,384	701,905	-	16,880,289
Vehicles	43,358,407	1,254,583	295,633	44,317,357
Machinery, equipment, furniture, fixtures and other related assets	16,801,253	409,495	46,069	17,164,679
Infrastructure	188,049,917	-	-	188,049,917
Total capital assets being depreciated	<u>1,687,280,130</u>	<u>11,897,090</u>	<u>341,702</u>	<u>1,698,835,518</u>
Less accumulated depreciation for:				
Buildings and improvements	219,569,131	31,344,375	-	250,913,506
Land improvements	11,578,431	436,532	-	12,014,963
Vehicles	36,587,578	1,391,994	30,918	37,948,654
Machinery, equipment, furniture, fixtures and other related assets	13,178,430	540,243	-	13,718,673
Infrastructure	120,034,514	3,881,771	-	123,916,285
Total accumulated depreciation	<u>400,948,084</u>	<u>37,594,915</u>	<u>30,918</u>	<u>438,512,081</u>
Total capital assets, being depreciated, net	<u>1,286,332,046</u>	<u>(25,697,825)</u>	<u>310,784</u>	<u>1,260,323,437</u>
Governmental activities capital assets, net	<u>\$ 1,379,158,636</u>	<u>\$ 30,294,693</u>	<u>\$ 310,784</u>	<u>\$ 1,409,142,545</u>

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

Governmental activities:	
Education	\$ 28,923,088
General government	587,062
Public safety	1,301,613
Public works	6,147,364
Culture and recreation	635,788
Total Depreciation Expense - Governmental Activities	<u>\$ 37,594,915</u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Component Units:	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,561,000	\$ -	\$ -	\$ 2,561,000
Construction in progress	734,531	457,396	(24,377)	1,167,550
Total capital assets, not being depreciated	3,295,531	457,396	(24,377)	3,728,550
Capital assets, being depreciated:				
Buildings and improvements	86,119,310	814,700	(389,634)	86,544,376
Equipment and motor vehicles	4,585,359	206,520	(261,798)	4,530,081
Total capital assets being depreciated	90,704,669	1,021,220	(651,432)	91,074,457
Less accumulated depreciation for:				
Buildings and improvements	54,538,091	3,498,259	(386,034)	57,650,316
Equipment and motor vehicles	4,412,209	76,947	(261,798)	4,227,358
Total accumulated depreciation	58,950,300	3,575,206	(647,832)	61,877,674
Total capital assets, being depreciated, net	31,754,369	(2,553,986)	(3,600)	29,196,783
Capital Assets, net	\$ 35,049,900	\$ (2,096,590)	\$ (27,977)	\$ 32,925,333

Construction Commitments

The City has the following major active construction projects as of June 30, 2011:

Capital Project	Cumulative Authorization	Cumulative Expenditures	Remaining Construction Commitment Balance June 30, 2011	Expected Date of Completion
Davis Magnet	\$ 48,101,655	\$ 42,212,509	\$ 5,889,146	04/01/11
East Rock	45,000,000	10,449,142	34,550,858	04/01/12
Hill Central	42,000,000	12,857,676	29,142,324	04/01/12
UNH Science Academy	65,500,000	2,377,767	63,122,233	04/01/14
	<u>\$ 200,601,655</u>	<u>\$ 67,897,094</u>	<u>\$ 132,704,561</u>	

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 9. Temporary Notes Payable

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

	Balance June 30, 2010	Issuances	Payments	Balance June 30, 2011
GANs	\$ 65,518,560	\$ 38,220,120	\$ 48,477,712	\$ 55,260,968

Note 10. Long-Term Liabilities

A summary of changes in long-term liabilities during the year ended June 30, 2011 is as follows:

	Balance June 30, 2010	Issued/ Additions	Reductions	Balance June 30, 2011	Due Within One Year
Government Activities:					
Long-Term Debt:					
Bonds payable	\$ 511,287,768	\$ 44,265,000	\$ 56,314,428	\$ 499,238,340	\$ 40,356,028
Premiums on refunding, net	-	2,259,213	317,242	1,941,971	-
Loss on refunding	-	(188,578)	(754,312)	(565,734)	-
Notes payable	2,910,000	-	230,000	2,680,000	320,000
Capital leases	475,604	-	184,155	291,449	188,443
Other Long-Term Liabilities:					
Contractual obligation-GNHWPCA	8,749,983	-	830,850	7,919,133	850,000
Compensated absences	27,915,119	17,876,563	23,768,197	22,023,485	21,000,000
Accrued workers' compensation	33,561,600	11,713,034	10,138,930	35,135,704	11,700,000
Retainage	-	3,615,359	-	3,615,359	-
Unfunded pension obligation	13,019,894	281,304	-	13,301,198	-
Unfunded OPEB obligations	72,323,500	18,345,800	-	90,669,300	-
Landfill closure and post-closure	1,500,000	-	150,000	1,350,000	150,000
Pollution remediation	-	1,943,000	-	1,943,000	-
Total long-term liabilities	\$ 671,743,468	\$ 100,110,695	\$ 91,179,490	\$ 679,543,205	\$ 74,564,471
Component Unit Activities:					
Long-Term Debt:					
Revenue bonds*	\$ 25,027,604	\$ -	\$ 2,521,409	22,506,195	\$ 2,733,000
Capital leases	32,654	-	32,654	-	-
Total component unit	\$ 25,060,258	\$ -	\$ 2,554,063	\$ 22,506,195	\$ 2,733,000

* The New Haven Parking Authority's debt balance at June 30, 2011 is net of amount deferred on refunding bonds of (\$386,915) and premium on refunding of \$261,407. The New Haven Solid Waste Authority's debt balance at June 30, 2011 is net of deferred amounts of \$433,297.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. During the year, general obligation bonds totaling \$44,265,000 were issued.

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

Purpose/Expiration	Interest Rate	Governmental Activities
General Purpose Bonds		
Varying Expiration Dates Ranging From December 2009 to March 2029	2.00-8.25%	\$ 175,380,951
School Bonds		
Varying Expiration Dates Ranging From December 2009 to March 2029	.34-8.25%	309,461,783
Urban Renewal Bonds		
Varying Expiration Dates Ranging From December 2009 to March 2029	2.00-8.25%	14,395,606
		<u>499,238,340</u>
Less current portion		40,356,028
Long-term portion		<u>\$ 458,882,312</u>

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

<u>Year Ending June 30,</u>	Principal	Interest
2011	\$ 40,356,028	\$ 22,895,042
2012	40,124,240	21,300,116
2013	39,669,135	19,437,589
2014	39,408,098	17,594,395
2015	38,042,014	15,748,792
2016 through 2020	173,468,825	52,702,966
2021 through 2025	93,865,000	20,729,056
2026 through 2029	34,305,000	4,439,782
	<u>\$ 499,238,340</u>	<u>\$ 174,847,738</u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Qualified Zone Academy Bonds (QZAB) were issued pursuant to Section 1397E of the Internal Revenue Code. As such, a tax credit will be offered to the security provider and the City receives a reduction in interest payments. The QZAB's are general obligation bonds and require that annual payments be made to an escrow account where the City is guaranteed a fixed interest rate. On the termination date, these payments, together with the interest earnings, will be used to satisfy the Bonds. These bonds are included in general obligation bonds and the related debt service requirements. The City is guaranteed to earn \$1,240,414 in interest over the next seven years to be used to relinquish the principal portion of the debt during the current year; the escrow account earned \$261,000.

School Bond Reimbursements

The State of Connecticut reimburses the City for eligible principal and interest costs of the capital improvement bond issues used for school reconstruction. The amount of such reimbursements for the year ended June 30, 2011 was approximately \$4,535,000. The City expects to receive approximately \$48,648,000 in principal payments and approximately \$10,133,000 in interest payments over the next 20 years.

Bonds Authorized/Unissued

At June 30, 2011, the City had approximately \$215,000,000 in bonds authorized but unissued. This amount has been authorized solely for school construction bonds as of June 30, 2011.

Advance and Current Refunding

2010 General Obligation Bond – In Substance Defeasance

In October, 2010, the City issued \$15,695,000 of general obligation bonds with interest rates ranging from 1.3% to 5.0%. The proceeds, of which were used to advance refund portions of the outstanding principal amounts of the general obligation bonds of the City dated May 1, 2001, Series A & B and January 15, 2002, Series A (the "Refunding Bonds"). Of the net proceeds of \$16,702,000 (after payment of \$133,000 in underwriters fees and other costs), \$16,569,000 was placed in an irrevocable trust fund under an Escrow Agreement dated October 2010 between the City and the Escrow Agent. The Escrow Agent used the proceeds to purchase a portfolio of non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the date the payments are due.

The City advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$743,000, and a savings of approximately \$753,000 between the old debt payments and the new debt payments.

The balance in the escrow was approximately \$16 million at June 30, 2011. The balance of the defeased bonds was approximately \$16 million at June 30, 2011. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

In-Substance Defeasance – Prior Years

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2011, the amount of defeased debt outstanding, but removed from the City's government-wide financial statements, is approximately \$145,155,000.

Conduit Debt

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

As of June 30, 2011, there were 6 series of limited obligation industrial bonds outstanding, with an aggregate principal amount of approximately \$6,400,000.

Revenue Bonds – Component Units

The Parking Authority, a component unit of the City, also issues bonds where the pledged income is derived from parking revenue. Through the Parking Authority, the City has \$12,950,000 of outstanding revenue bond debt at June 30, 2011 with an interest rate ranging from 3% to 5.375%.

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 2,330,000	\$ 633,444
2013	2,450,000	504,982
2014	2,585,000	369,666
2015	2,720,000	227,094
2016	2,865,000	76,998
	<u>\$ 12,950,000</u>	<u>\$ 1,812,184</u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

The New Haven Solid Waste Authority, a component unit of the City, also issued bonds to finance the acquisition of its solid waste facility assets. Through the New Haven Solid Waste Authority, the City has \$10,115,000 of outstanding revenue bond debt at June 30, 2011, with an interest rate ranging from 4% to 5.375%. It should be noted that the Authority, in connection with its revenue bonds, failed the debt service coverage ratio covenant as of June 30, 2011.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 400,000	\$ 509,388
2013	415,000	493,388
2014	435,000	476,269
2015	450,000	457,781
2016 through 2020	2,605,000	1,948,532
2021 through 2025	3,345,000	1,210,182
2026 through 2028	2,465,000	269,557
	<u>\$ 10,115,000</u>	<u>\$ 5,365,097</u>

Notes Payable

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 320,000	\$ 106,573
2013	585,000	85,940
2014	610,000	62,566
2015	365,000	42,811
2016	390,000	26,812
2017	410,000	9,184
	<u>\$ 2,680,000</u>	<u>\$ 333,886</u>

Capital Leases

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

The net book value of property under capital lease was approximately \$1,621,000 and has accumulated depreciation of approximately \$1,296,000 at year-end.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30,</u>	<u>General Government</u>
2012	\$ 197,024
2013	107,838
Total minimum lease payments	304,862
Less: Amount representing interest	13,413
Present value of minimum lease payment	<u>\$ 291,449</u>

Note 11. Fund Deficits

The following funds had fund deficits as of June 30, 2011:

	<u>Fund Deficits</u>
Major Governmental:	
Capital Project Funds	\$ 42,045,110
Internal Service Funds:	
Self-Insurance Reserve	17,337,340

The Capital Projects Funds' deficit will be funded through recognition of grant revenues under modified accrual. The City has major school construction projects in process as of June 30, 2011. The Internal Service Fund deficit will be funded in future years from increased premiums and/or permanent financing in accordance with City's plan to reduce the deficit.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

Employee Pension Plans

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

The individual plan net assets are as follows:

	City Employees' Retirement Fund	Policemen's & Firemen's Retirement Fund	Other Retirement Fund	Post Employment Benefit Plan Fund	Total
ASSETS					
Cash and short-term investments	\$ 13,072,050	\$ 6,245,710	\$ 1,299,674	\$ 226,580	\$ 20,844,014
Interest and dividends receivable	388,351	799,909	139	-	1,188,399
Accounts receivable -investment sales	1,860,025	6,238,292	14	-	8,098,331
Accounts receivable -other	120,519	198,668			319,187
Due from other funds	-	-	-	50,000	50,000
Investments, at fair value	151,039,389	268,228,367	73,112	-	419,340,868
Total assets	166,480,334	281,710,946	1,372,939	276,580	449,840,799
LIABILITIES					
Accounts payable-vendors	413,140	288,043	-	50,000	751,183
Accounts payable-investment purchases	1,265,558	795,693	-	-	2,061,251
Accounts payable-other	4,584	2,275	-	-	6,859
Accrued liabilities	249,046	60,460	-	-	309,506
Total liabilities	1,932,328	1,146,471	-	50,000	3,128,799
NET ASSETS					
Held in Trust for Pension Benefits	\$ 164,548,006	\$ 280,564,475	\$ 1,372,939	\$ 226,580	\$ 446,712,000

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Individual changes in plan net assets were as follows:

	City Employees' Retirement Fund	Policemen's & Firemen's Retirement Fund	Other Retirement Fund	Post Employment Benefit Plan Fund	Total
ADDITIONS					
Contributions:					
Employer contributions	\$ 12,015,996	\$ 18,691,926	\$ -	\$ 18,690,895	\$ 49,398,817
Plan members	3,520,666	6,570,038	-	2,528,661	12,619,365
Total contributions	15,536,662	25,261,964	-	21,219,556	62,018,182
Investment Earnings:					
Net increase in fair value of investments	24,249,256	42,927,398	12,219	-	67,188,873
Interest	2,060,307	3,026,440	2,374	1,580	5,090,701
Alternative investment distribution i	433,236	1,122,853	-	-	1,556,089
Miscellaneous Income	170,088	101,918	-	-	272,006
Dividends	1,067,177	3,474,493	2,989	-	4,544,659
Total investment income	27,980,064	50,653,102	17,582	1,580	78,652,328
Less Investment Expenses:					
Investment management fees	910,856	1,262,498	-	-	2,173,354
Investment administrative fees	246,631	305,597	-	-	552,228
Legal fees	94,407	20,264	-	-	114,671
Interest expense	-	75,533	-	-	75,533
Net investment earnings	26,728,170	48,989,210	17,582	1,580	75,736,542
Total additions	42,264,832	74,251,174	17,582	21,221,136	137,754,724
DEDUCTIONS					
Benefits	25,481,282	34,988,898	36,084	21,219,556	81,725,820
Total deductions	25,481,282	34,988,898	36,084	21,219,556	81,725,820
Net increase (decrease)	16,783,550	39,262,276	(18,502)	1,580	56,028,904
NET ASSETS , beginning of year	147,764,456	241,302,199	1,391,441	225,000	390,683,096
NET ASSETS , end of year	\$ 164,548,006	\$ 280,564,475	\$ 1,372,939	\$ 226,580	\$ 446,712,000

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

City Employees' Retirement Fund

Plan Description and Contribution Information

Plan Membership

Membership in each plan consisted of the following at June 30, 2010, the date of the latest actuarial valuation:

Plan Description and Contribution Information

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

Retirees and beneficiaries receiving benefits	1,104
Terminated plan members entitled to but not yet receiving benefits	11
Active Plan Members	
Vested	627
Nonvested	<u>470</u>
Total	<u><u>2,212</u></u>

Plan Description

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

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

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011**

Contributions

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

Plan Changes

The latest actuarial valuation as of June 30, 2010 did not include any material changes in funding method or assumptions. The latest actuarial valuation as of June 30, 2010 reflects no material changes in plan provisions or coverage.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
6/30/2010	\$ 177,317,300	\$ 381,259,400	\$ 203,942,100	46.5%	\$ 60,152,100	339.0%

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

Actuarial Assumptions and Methods

Reporting Date – End of Fiscal Year	6/30/2011
Latest Actuarial Valuation Date	6/30/2010
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent
Remaining Amortization Period	30 Year Open Period
Asset Valuation Method	Phase-in of investment gains and losses, 20% per year for 5 years
Actuarial Assumptions:	
Investment Rate of Return*	8.25%
Projected Salary Increases*	Age related scale with average of 4.0%
* Includes Inflation at	3.00%
Cost of Living Adjustments	2.50%

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

Actuarially Required

1. Contribution (ARC)	\$ 11,941,035
2. Interest on NPO	143,228
3. Adjustment To (ARC)	<u>(97,120)</u>
4. Annual Pension Cost (APC)	11,987,143
5. Contribution Made	<u>12,015,996</u>
6. Decrease in NPO	(28,853)
7. NPO Beginning of Year	<u>1,685,036</u>
8. NPO End of year	<u><u>\$ 1,656,183</u></u>

ANNUAL PENSION COST AND NET PENSION OBLIGATION
THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Actual Contribution
6/30/09	\$ 10,988,134	99.5%	\$ 1,633,314	\$ 10,938,000
6/30/10	11,553,622	99.6%	1,685,036	11,501,900
6/30/11	11,987,143	100.2%	1,656,183	12,015,996

Policemen and Firemen Retirement Fund

Plan Membership

Membership in each plan consisted of the following at June 30, 2010, the date of the last actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	1,104
Terminated plan members entitled to but not yet receiving benefits	3
Active Plan Members	<u>780</u>
Total	<u><u>1,887</u></u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Plan Description

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

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

Contributions

Fire members contribute 8.75% of all City earnings. (Effective July 1, 2010 police contribute 10.00% of all City earnings). In addition, policemen contribute 4.80% of extra duty earnings and firemen contribute 4.375% of extra duty earnings. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees.

Plan Changes

The latest actuarial valuation dated June 30, 2010 did not include any material changes in funding methods or actuarial assumptions. The latest actuarial valuation dated June 30, 2010 reflects no material changes in plan provisions or coverage.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
6/30/2010	\$ 290,172,300	\$ 557,015,300	\$ 266,843,000	52.1%	\$ 57,301,700	465.7%

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Actuarial Assumptions and Methods

Reporting Date – End of Fiscal Year	6/30/2011
Latest Actuarial Valuation Date	6/30/2010
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent
Remaining Amortization Period	30 Year Open Period
Asset Valuation Method	Phase-in of investment gains and losses, 20% per year for 5 years
Actuarial Assumptions:	
Investment Rate of Return*	8.25%
Projected Salary Increases*	Age related scale with average of 4.00%
* Includes Inflation at	3.00%
Cost of Living Adjustments	1.50%

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

Actuarially Required

1. Contribution (ARC)	\$ 18,692,000
2. Interest on NPO	963,463
3. Adjustment To (ARC)	<u>(653,306)</u>
4. Annual Pension Cost (APC)	19,002,157
5. Contribution Made	<u>18,692,000</u>
6. Increase in NPO	310,157
7. NPO Beginning of Year	<u>11,334,858</u>
8. NPO End of year	<u><u>\$ 11,645,015</u></u>

ANNUAL PENSION COST AND NET PENSION OBLIGATION
THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Actual Contribution
6/30/09	\$ 17,042,303	97.9%	\$ 10,967,659	\$ 16,687,000
6/30/10	18,178,199	98.0%	11,334,858	17,811,000
6/30/11	19,002,083	98.4%	11,645,015	18,692,000

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Teachers' Retirement Plan

All City of New Haven certified teachers participate in the State of Connecticut Teachers' Retirement System, a cost-sharing multiple-employer public employee retirement system (PERS), established under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: (1) attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut.

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

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The City does not have any liability for teacher pensions. For the year ended June 30, 2011 the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$20,360,000 as payments made by the State of Connecticut on-behalf of the City.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Other Post-Employment Benefit Plans

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

<u>Division</u>	<u>Active</u> <u>Participants</u>	<u>Retired</u> <u>Participants</u> <u>and Spouses</u>	<u>Total</u>
General City	\$ 814	\$ 796	\$ 1,610
Police and Fire	746	1,179	1,925
BOE	401	76	477
Teachers	1,674	801	2,475
Total	\$ 3,635	\$ 2,852	\$ 6,487

Plan Description

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

CITY OF NEW HAVEN, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011**

Funding Policy

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

The OPEB obtained its latest actuarial valuation as of July 1, 2009 upon which the annual required contribution for the fiscal year ended June 30, 2011 was determined based on a 5% discount rate.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
7/01/09	\$ -	\$ 413,995,000	\$ 413,995,000	0.0%	\$ 297,848,396	139.0%

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

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

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

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

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

Annual OPEB cost and Net OPEB Obligation

The City's annual post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement 45 for employers in plans with more than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

to cover normal costs each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years.

The calculation of the change in the net OPEB obligation for the year ended June 30, 2011 follows:

Actuarially Required

1. Contribution (ARC)	\$ 37,865,000
2. Interest on Net OPEB obligation	3,616,200
3. Adjustment To (ARC)	<u>(4,481,000)</u>
4. Annual OPEB Cost (AOC)	37,000,200
5. Contribution Made	<u>18,654,400</u>
6. Increase in Net OPEB obligation	18,345,800
7. Net OPEB obligation, beginning of year	<u>72,323,500</u>
8. Net OPEB obligation, end of year	<u><u>\$ 90,669,300</u></u>

ANNUAL OPEB COST AND NET OPEB OBLIGATION
THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual OPEB Cost (AOC)	Annual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/09	\$ 41,793,858	\$ 18,931,531	45.3%	\$ 50,638,300
6/30/10	41,520,500	19,835,300	47.8%	72,323,500
6/30/11	37,000,200	18,654,400	50.0%	90,669,300

City Employees' Other Post-Employment Benefit Plan

Eligibility

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

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

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

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

of the retiree's death until the date the retiree would turn age 70, except for local 884 and local 68 who are covered through the date the retiree would turn age 65.

Contributions

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

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

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

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

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

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

The actuarial assumptions to value benefits for all locations except Police, Fire, Teachers, and School Administrators as of July 1, 2009:

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

Termination Sample Yearly Rates of Termination

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

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

Disability The assumed rates of disability are from the 1985 Pension Disability Table Class, 1 professional administrative, supervisory, sales, and clerical occupations.

Discount Rate 5.0%

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

Aging Rate Effect on
 Medical Costs

Increase Per Year

Up to 39	2.4%
40-54	3.3%
55-59	3.6%
60-64	4.2%
65-69	3.0%
70-74	2.5%
75-79	2.0%
80-84	1.0%
85-89	0.5%
90+	0.0%

Assumed Retirement
 Age

Active members are assumed to retire on the earlier of 62 with 20 years or meeting the Rule of 80. Any member who has reached the Assumed Retirement Age is expected to retire immediately.

Survivorship

85% of male employees and 65% of female employees are assumed married, wives are 2 years younger than husbands.

Policemen and Firemen Other Post-Employment Benefit Plan

Eligibility

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

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

Contributions

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

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

The actuarial assumptions to value benefits for Police and Fire as of July 1, 2009:

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

Termination Sample Yearly Rates of Termination

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

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

Discount Rate 5.0%

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

Aging Rate Effect on
 Medical Costs Increase Per Year

Up to 39	2.4%
40-54	3.3%
55-59	3.6%
60-64	4.2%
65-69	3.0%
70-74	2.5%
75-79	2.0%
80-84	1.0%
85-89	0.5%
90+	0.0%

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

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

Eligibility

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

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

Contributions

Retirees pay a portion of the cost of medical coverage.

The actuarial assumptions to value benefits for Teachers and School Administrators as of July 1, 2009:

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

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

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

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

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

Disability None

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Discount Rate 5.0%

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

Aging Rate Effect on Medical Costs Increase Per Year

Up to 39	2.4%
40-54	3.3%
55-59	3.6%
60-64	4.2%
65-69	3.0%
70-74	2.5%
75-79	2.0%
80-84	1.0%
85-89	0.5%
90+	0.0%

Assumed Retirement Age

Eligible for Normal (Unreduced) Retirement (Age 60 and 20 Yrs. of Service or 35 Yrs of Service)

Eligible for Early (Reduced) Retirement (Age 55 and 20 Yrs. of Service or 25 Yrs. of Service)

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

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Component Unit

Parking Authority Pension Plan

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

Total payroll for nonunion employees amounted to \$943,760 and the Authority's contributions amounted to \$144,370 for the year ended June 30, 2011.

The Authority also participates in the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) Local 531 Pension Fund (the "Fund"). This Plan requires contributions to be made on behalf of all bargaining unit employees and all other employees on the payroll such as temporary and casual employees. Under the terms of the union agreement, the Authority's contributions to this Fund were based on 16.7% of union salaries.

The total payroll of all bargaining unit employees for the year ended June 30, 2011 amounted to \$3,365,186. The Authority's contributions for the year ended June 30, 2011 amounted to \$555,907.

Note 13. Commitments and Contingencies

General Government

The City is a defendant in various liability claims and lawsuits relating to deaths and personal injuries, civil rights violations, contractual obligations and other matters, which are incidental to performing governmental functions. The City has determined that it is probable that it has potential liability of approximately \$10,680,000 for such claims, which is recorded in the self-insurance reserve internal service fund. But the self-insurance fund has a deficit of approximately \$17,337,000; therefore, funding has not been provided for these potential liabilities (see Note 11 regarding fund deficits). The City's liabilities for claims and judgments were based on information available. It is reasonably possible that, as the cases evolve, the resulting estimates will be adjusted significantly in the near term.

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Operating Lease Agreements

The City leases office space and garage under cancelable and non-cancelable operating leases with terms extending over the next one to nine years. As of June 30, 2011, total future minimum rental payments under these leases are as follows:

Year Ending June 30,	
2012	\$ 2,836,866
2013	1,924,835
2014	1,369,460
2015	740,706
2016	759,880
2017	458,802
	<u>\$ 8,090,549</u>

Rent expense related to these agreements amounted to approximately \$3,899,000 for the year ended June 30, 2011.

Component Units

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

Parking Authority Lease Agreements

The Parking Authority also leases the Granite Square Garage facility for a period of 25 years. The lease for the facility requires monthly rental payments which are based primarily upon the recovery of costs to finance the facility. The estimated monthly rent at June 30, 2011 is \$636,000.

The following is a schedule, as of June 30, 2011, of estimated future minimum rental payments for the next four years and thereafter, which are required of the Authority as lessee under this agreement:

Year Ending June 30,	
2012	\$ 439,000
2013	470,000
2014	500,000
2015	535,000
	<u>\$ 1,944,000</u>

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

Total Parking Authority rental expense under cancelable and non-cancelable operating leases is included in the statement of revenues, expenses and changes in fund net assets and totaled approximately \$736,000 for the year ended June 30, 2011.

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

A schedule as of June 30, 2011 of minimum future rentals for the next six years on non-cancelable leases, where the Parking Authority, as owner or in its capacity as agent, is the lessor, is summarized as follows:

Year Ending June 30,	
2012	\$ 1,628,075
2013	1,600,078
2014	1,195,362
2015	863,429
2016	624,397
2017	1,186,574
	<u>\$ 7,097,915</u>

The Parking Authority has entered into several long-term contracts for improvements to its parking facilities. As of June 30, 2011, there was approximately \$670,000 of commitments outstanding for improvements to unrestricted facilities, and approximately \$992,000 of commitments outstanding for improvements to restricted facilities.

Subsidies

The City has historically subsidized various non-related party activities through General Fund expenditures for development. The amount subsidized for fiscal-year-ended June 30, 2011 was approximately \$697,500 which included approximately \$250,000 for the Shubert Performing Arts Center, \$325,000 for Tweed-New Haven Airport, and \$122,500 for the PILOT Pen tennis tournament. The Shubert and Tweed-New Haven Airport also receive a favorable lease agreement of \$1 per year for occupying City owned property. These expenditures are approved annually by the Board of Aldermen during the budgetary meetings.

Note 14. Closure and Post Closure Care Cost

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The estimated total current cost of the landfill closure and post closure care, aggregating \$1,350,000, is based on the amount estimated to be paid for all equipment, facilities and services required to close, monitor and maintain the landfill as of June 30, 2011. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Costs will be funded through the issuance of general obligation bonds and state and federal grants.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 15. Risk Management

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

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

The City contracts with a private insurance company to administer workers' compensation claims and provide an actuarial estimate of claims payable as of June 30, 2011. The liability for workers' compensation and heart and hypertension not transferred and not expected to be paid with current available resources is reported in the government-wide statements in the amount of approximately \$35,136,000 with a discount rate of 4%. Employee health claims are funded based on estimates by the City's insurance consultants and expenses are recognized as incurred. These amounts are recorded in the Internal Service Fund as operating revenues and expenses.

Claims arising from property, general and automobile liability are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Coverage has not been reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

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

Fiscal Year Ended	Self-Insurance Reserve Fund			
	Claims Payable	Claims and Changes in	Claims	Claims
	July 1	Estimates	Paid	June 30
2011	\$ 8,758,275	\$ 6,183,852	\$ 4,259,902	\$ 10,682,225
2010	9,182,788	714,622	1,139,135	8,758,275

Fiscal Year Ended	Medical Self-Insurance Fund			
	Claims Payable	Claims and Changes in	Claims	Claims
	July 1	Estimates	Paid	June 30
2011	\$ 5,447,260	\$ 59,971,948	\$ 60,636,535	\$ 4,782,673
2010	6,250,267	59,120,421	59,923,428	5,447,260

Fiscal Year Ended	Workers' Compensation and Heart & Hypertension Account			
	Claims Payable	Claims and Changes in	Claims	Claims
	July 1	Estimates	Paid	June 30
2011	\$ 33,561,600	\$ 11,713,034	\$ 10,138,930	\$ 35,135,704
2010	33,144,478	10,114,806	9,697,684	33,561,600

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 16. Related Party Transactions

New Haven Parking Authority

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

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

	<u>2011</u>
Accounts payable and accrued expenses to the City from the Authority	<u>\$ 230,171</u>

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

Related Party Rental Expense of the Authority:

	<u>2011</u>
Under Air Rights	\$ 51,120
Dwight and Orchard	130,032
State Street Surface Lots	39,528
Orchard and Sherman	99,360
	<u>\$ 320,040</u>

During 2011, the City received a voluntary financial assistance payment of \$5,000,000 from the Parking Authority, and it is reported as a current liability of the Parking Authority at year-end and a receivable of the City. The amount was collected in August 2011.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

Solid Waste Authority

The City also conducts activity with the New Haven Solid Waste and Recycling Authority (the "Solid Waste Authority"). The Authority entered into an Asset Purchase Agreement with the City of New Haven in June 2008. Under the agreement, the City sold its Transfer Station assets and assigned all of its Transfer Station system responsibilities and liabilities to the Authority. Two officers of the Solid Waste Authority are also employees of the City. These individuals function as activity monitors for the City and provide input from the City on various matters. All members of the Solid Waste Authority's Board are appointed by the Mayor of the City of New Haven.

Related party activity of the Authority at June 30, 2011 is as follows:

	<u>2011</u>
Operating revenue received by Authority from the City for services	<u>\$ 3,094,645</u>

Note 17. Subsequent Events

In July 2011, the City issued \$44,500,000 in general obligation bonds due in 2031. The proceeds were used to fund the City's capital projects for fiscal year 2012.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 18. Fund Balances

In fiscal year 2011, the City adopted GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The statement establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The details for the City's fund balance are the following:

	General Fund	Education Grants	Capital Project Funds	Nonmajor Governmental Funds
Fund balances (deficits):				
Non-spendable:				
Inventory	\$ -	\$ 33,927	\$ -	\$ -
Advances	7,000,000	-	-	-
Permanent funds	-	-	-	2,381,320
Prepays	-	-	79,793	-
	<u>7,000,000</u>	<u>33,927</u>	<u>79,793</u>	<u>2,381,320</u>
Restricted:				
General government	-	-	-	2,330,158
Education	-	540,186	-	-
Debt Service	-	-	-	2,163,096
Culture and recreation	-	-	-	595,330
Public services	-	-	-	7,521,229
	<u>-</u>	<u>540,186</u>	<u>-</u>	<u>12,609,813</u>
Committed:				
Public works	-	-	-	2,480,268
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,480,268</u>
Assigned:				
General government	-	-	-	858,106
	<u>-</u>	<u>-</u>	<u>-</u>	<u>858,106</u>
Unassigned:				
General government	9,827,620	-	-	-
Capital outlay	-	-	(42,124,903)	-
	<u>9,827,620</u>	<u>-</u>	<u>(42,124,903)</u>	<u>-</u>
Total fund balance (deficit)	<u>\$ 16,827,620</u>	<u>\$ 574,113</u>	<u>\$ (42,045,110)</u>	<u>\$ 18,329,507</u>

Note 19. Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

- **GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans***, was issued in December 2009. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement amends Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, to permit certain OPEB plans to use an alternative measurement method. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, requirement that a defined benefit OPEB plan obtain an actuarial valuation. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2012.
- **GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements***, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- **GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34***, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.
- **GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***, issued January 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.

- **GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***, issued July 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.
- **GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*** (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the City beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectability of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

Note 20. Subsequent Event

In January 2012, the City issued \$6,100,000 of revenue bonds. The obligor on the bonds is the New Haven Parking Authority, and the bonds are secured by the unrestricted net revenues of certain NHPA parking facilities. The bonds bear interest at a variable rate based on LIBOR. The City entered into an interest rate swap in conjunction with the issuance of the bonds wherein the City will pay a fixed amount of interest to a counterparty (related to the purchaser of the bonds) that will in turn pay the interest on the bonds. Through the terms of the Resolution of Trust executed by the City and the NHPA in conjunction with the sale of the bonds, the NHPA is responsible for all fixed interest payments required by the swap agreement.

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**Required Supplementary
Information**

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) -
 GENERAL FUND
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Current City Taxes:				
Real Estate	\$ 179,757,939	\$ 179,757,939	\$ 179,757,939	\$ -
Personal Property	17,639,956	17,639,956	16,846,851	(793,105)
Motor Vehicle	13,312,915	13,312,915	12,994,531	(318,384)
Supplemental	2,000,000	2,000,000	1,826,488	(173,512)
Current Interest	1,000,000	1,000,000	1,128,911	128,911
Total Current City Taxes	213,710,810	213,710,810	212,554,720	(1,156,090)
Tax Collection Initiatives:				
Real and Personal Property Initiatives	500,000	500,000	3,416,556	2,916,556
Delinquent City Taxes:				
Real and Personal Property	1,000,000	1,000,000	1,962,719	962,719
Interest and Penalties	1,000,000	1,000,000	786,742	(213,258)
Total Delinquent City Taxes	2,000,000	2,000,000	2,749,461	749,461
Education Grants:				
Education Cost Sharing	142,509,525	142,509,525	142,379,255	(130,270)
State Aid for Construction and Reconstruction	7,000,000	7,000,000	14,431,929	7,431,929
School Transportation	3,252,003	3,252,003	3,732,427	480,424
Education of the Legally Blind	300,000	300,000	134,535	(165,465)
Health Services - Non-Public Schools	75,000	75,000	58,982	(16,018)
Total Education Grants	153,136,528	153,136,528	160,737,128	7,600,600
Other Government Grants:				
Distressed Cities Exemption	110,755	110,755	81,464	(29,291)
Homeowners Tax Relief - Elderly Circuit Breaker	400,000	400,000	429,891	29,891
Low Income Tax Abatement Program	-	-	203,599	203,599
Pequot Funds	7,323,486	7,323,486	7,199,281	(124,205)
PILOT - Boats	-	-	27,340	27,340
PILOT - Colleges & Hospitals	34,234,458	34,234,458	34,242,773	8,315
PILOT Machinery & Equipment	851,243	851,243	1,087,471	236,228
PILOT - State Property	4,390,033	4,390,033	-	(4,390,033)
Reimbursements for Low Income Veterans	59,685	59,685	62,075	2,390
Reimbursements for the Disabled	11,418	11,418	9,395	(2,023)
Shell Fish	37,861	37,861	29,487	(8,374)
Tax Relief for the Elderly Freeze	65,000	65,000	10,000	(55,000)
Telecommunications Property Tax	555,494	555,494	585,997	30,503
Town Aid Roads	610,471	610,471	609,458	(1,013)
Total Other Government Grants	48,649,904	48,649,904	44,578,231	(4,071,673)
Total State Aid	201,786,432	201,786,432	205,315,359	3,528,927

See Note to Required Supplementary Information.

(Continued on next page)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) -
GENERAL FUND, Continued
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES (Continued)				
Licenses, Permits and Other Fees:				
Animal Shelter	4,000	4,000	6,655	2,655
Building Inspections	9,000,000	9,000,000	6,872,069	(2,127,931)
Engineers- Cost Recovery	100,000	100,000	77,136	(22,864)
Fire Service	60,000	60,000	77,154	17,154
Fire Service Emergency Response	100,000	100,000	98,836	(1,164)
Health Services	350,000	350,000	339,255	(10,745)
High School Athletics			24,058	24,058
Map/Bid Documents	5,000	5,000	7,160	2,160
Office of Technology	2,000	2,000	2,085	85
Other Agencies	50,000	50,000	40,161	(9,839)
Parks - Carousel & Building	5,000	5,000	2,806	(2,194)
Parks - Lighthouse Admissions & Concessions	150,000	150,000	130,380	(19,620)
Parks - Other Fees	80,000	80,000	47,111	(32,889)
Police Service	110,000	110,000	131,175	21,175
Public Works - Evictions	2,000	2,000	3,895	1,895
Public Works - Public Space, Licenses & Permits	230,000	230,000	171,709	(58,291)
Public Works Fees	70,000	70,000	-	(70,000)
Registrar of Vital Statistics	475,000	475,000	695,787	220,787
Residential Parking Permits	60,000	60,000	36,450	(23,550)
Towing Licenses	5,000	5,000	-	(5,000)
Town Clerk/City Clerk	350,000	350,000	339,709	(10,291)
Traffic & Parking Meter Receipts	5,200,000	5,200,000	4,091,996	(1,108,004)
Total Licenses, Permits and Other Fees	16,408,000	16,408,000	13,195,587	(3,212,413)
Investment Income:				
Interest Income	250,000	250,000	20,088	(229,912)
Received From Fines:				
Coliseum Lots	240,000	240,000	106,500	(133,500)
Miscellaneous Community Development Rent	-	-	92,021	92,021
Parking Space Rental	4,057	4,057	2,640	(1,417)
Parking Tags	5,250,000	5,250,000	5,397,408	147,408
Parks Employees Rents	9,000	9,000	9,800	800
Police False Alarms/Registration	20,000	20,000	-	(20,000)
Public Works - Public Space Violations	5,000	5,000	5,448	448
Superior Court	75,000	75,000	96,171	21,171
Total Received From Fines	5,603,057	5,603,057	5,709,988	106,931

See Note to Required Supplementary Information.

(Continued on next page)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) -
GENERAL FUND, Continued
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Payment in Lieu of Taxes (PILOT):				
52 Howe Street	62,319	62,319	63,319	1,000
Air Rights Garage - Temple Medical	64,150	64,150	57,448	(6,702)
Eastview PILOT	25,750	25,750	25,500	(250)
Ninth Square	580,000	580,000	580,065	65
Hospital of St. Raphael	9,375	9,375	9,987	612
South Central Regional Water Authority	888,460	888,460	1,019,980	131,520
Temple St. Arcade	-	-	23,839	23,839
Trinity Housing	50,408	50,408	40,000	(10,408)
Total Payment in Lieu of Taxes (PILOT)	1,680,462	1,680,462	1,820,138	139,676
Other Taxes and Assessments:				
Air Rights Garage	200,000	200,000	200,000	-
Real Estate Conveyance Tax	1,000,000	1,000,000	791,347	(208,653)
Yale Payment For Fire Services	2,707,650	2,707,650	2,707,650	-
Total Other Taxes and Assessments	3,907,650	3,907,650	3,698,997	(208,653)
Miscellaneous:				
BABS Revenue	863,861	863,861	863,860	(1)
Commission On Equal Opportunity	25,000	25,000	-	(25,000)
Controllers	1,000,000	1,000,000	143,178	(856,822)
GNHWPCA-Pilot	639,593	639,593	608,400	(31,193)
I-95 Highway Expansion	-	-	320,476	320,476
Monetization/Financial Stabilization	8,000,000	8,000,000	-	(8,000,000)
Neighborhood Preservation Loan Payments	10,000	10,000	7,850	(2,150)
NHPA: PILOT	5,000,000	5,000,000	5,000,000	-
Non - Profits	6,208,230	6,208,230	7,176,271	968,041
Off Track Betting	975,000	975,000	854,983	(120,017)
Personal Motor Vehicles Reimbursements	30,000	30,000	14,738	(15,262)
Regional WPCA Rate Stabilization	950,000	950,000	974,709	24,709
Sale of City Asset	2,000,000	2,000,000	3,450,000	1,450,000
United Illuminating Rebate	15,000	15,000	-	(15,000)
Welfare Department	20,000	20,000	21,156	1,156
Total Miscellaneous	25,736,684	25,736,684	19,435,621	(6,301,063)

See Note to Required Supplementary Information.

(Continued on next page)

REQUIRED SUPPLEMENTARY INFORMATION

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

GENERAL FUND, Continued

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Total revenues and other financing sources	<u>\$ 471,583,095</u>	<u>\$ 471,583,095</u>	467,916,515	<u>\$ (3,666,580)</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut "on-behalf" contributions to the Connecticut State Teachers' Retirement System for City teachers are not budgeted			20,360,000	
Excess cost - student based			1,365,588	
Refunding items			16,569,312	
Transfer in netted with expenses on budgetary basis			<u>4,086,227</u>	
Total revenues and other financing uses as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds - Exhibit D.			<u>\$ 510,297,642</u>	

See Note to Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
General Government:				
Assessor's Office	\$ 947,690	\$ 947,690	\$ 849,906	\$ 97,784
Chief Administrators Office	482,593	507,319	507,317	2
City/Town	504,509	504,509	456,789	47,720
Corporation Counsel	1,960,068	1,960,068	1,731,150	228,918
Finance	10,133,082	9,958,231	9,523,708	434,523
Human Resources	1,070,292	1,070,292	775,776	294,516
Labor Relations	188,550	188,550	186,050	2,500
Legislative Services	727,923	727,923	709,684	18,239
Library	3,803,489	3,676,412	3,572,615	103,797
Mayor's Office	938,626	1,088,751	1,088,748	3
Parks	5,101,560	5,101,560	5,004,095	97,465
Registrar of Voters	551,296	551,296	480,749	70,547
Total General Government	26,409,678	26,282,601	24,886,587	1,396,014
Public Safety:				
Fire	30,924,181	32,157,489	32,212,826	(55,337)
Police	36,456,332	37,866,588	37,907,721	(41,133)
Public Safety Communications	3,503,027	3,630,104	3,619,102	11,002
Total Public Safety	70,883,540	73,654,181	73,739,649	(85,468)
Public Works & Engineering:				
Engineering	3,578,680	3,578,680	3,350,481	228,199
Traffic and Parking	12,499,089	12,499,089	11,828,286	670,803
Total Public Works	16,077,769	16,077,769	15,178,767	899,002
Human Services:				
Community Services Admin	2,087,880	2,087,880	2,087,879	1
Disability Services	133,710	133,710	114,536	19,174
Elderly Services	733,522	728,674	613,177	115,497
Fair Rent Commission	64,138	64,138	63,269	869
Health	3,387,675	3,387,675	3,317,618	70,057
Youth Services	335,920	340,768	340,768	-
Total Human Services	6,742,845	6,742,845	6,537,247	205,598
Economic Development:				
Building Inspection & Enforcement	909,071	909,071	840,151	68,920
City Plan	558,106	558,106	530,790	27,316
Development Operating Contributions	1,097,000	1,097,000	1,097,000	-
Economic Development	1,299,344	1,299,344	1,259,243	40,101
Equal Opportunities	157,347	157,347	115,798	41,549
Livable City Initiative	797,475	797,475	700,828	96,647
Transportation/Traffic & Parking	2,316,706	2,316,706	2,303,850	12,856
Total Economic Development	7,135,049	7,135,049	6,847,660	287,389

See Note to Required Supplementary Information.

(Continued on next page)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS) -

GENERAL FUND, Continued

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Departments:				
Contract Reserve	(1,000,000)	(1,000,000)	-	(1,000,000)
Non -Public Transportation	700,000	700,000	489,244	210,756
Innovation Based Budgeting	(5,128,894)	(5,128,894)	-	(5,128,894)
Various Organization	188,295	188,295	188,295	-
Total Other Departments	(5,240,599)	(5,240,599)	677,539	(5,918,138)
Pensions/Insurance/Benefits:				
Employee Benefits	71,458,400	71,458,400	65,686,329	5,772,071
Pensions	34,453,245	34,761,102	34,761,102	-
Self-Insurance	6,054,500	6,054,500	5,712,813	341,687
Total Pensions/ Insurance/Benefits	111,966,145	112,274,002	106,160,244	6,113,758
Education				
Total Education	173,019,297	173,019,297	173,010,518	8,779
Debt Service:				
Principal	40,855,132	39,621,824	41,068,343	(1,446,519)
Interest	23,734,239	22,016,126	19,160,058	2,856,068
Total Debt Service	64,589,371	61,637,950	60,228,401	1,409,549
Total Expenditures and Other Financing Uses	\$ 471,583,095	\$ 471,583,095	467,266,612	\$ 4,316,483

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut "on-behalf" contributions to the Connecticut State Teachers' Retirement System for City teachers are not budgeted	20,360,000
Excess Cost-student based	1,365,588
Refunding items	16,569,312
Transfers in netted with expenses on budgetary basis	4,086,227
Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balance - governmental funds - Exhibit D.	<u>\$ 509,647,739</u>

See Note to Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION
CITY EMPLOYEES'-RETIREMENT PLAN
June 30, 2011

Schedule of Funding Progress

Fiscal Year-End	Actuarial	Actuarial	Unfunded	Funded	Covered	UAAL as a
	Value of Assets (a)	Accrued Liability (AAL) (b)	AAL (UAAL) (b-a)	Ratio (a/b)	Payroll (c)	Percentage of Covered Payroll (b-a)/(c)
6/30/06	\$ 184,242,200	\$ 299,754,000	\$ 115,511,800	61.5%	\$ 50,217,000	230.0%
6/30/07	188,229,400	315,802,400	127,573,000	59.6%	52,217,000	244.3%
6/30/08	198,695,200	327,906,400	129,211,200	60.6%	55,510,000	232.8%
6/30/09	208,351,800	344,861,000	136,509,700	60.4%	57,368,000	238.0%
6/30/10	201,039,400	357,226,500	156,187,100	56.3%	55,394,700	282.0%
6/30/11	177,317,300	381,259,400	203,942,100	46.5%	60,152,100	339.0%

Schedule of Employer Contributions

Year Ended June 30,	Annual		Actual Contribution
	Required Contribution	Percentage Contributed	
2006	\$ 9,254,000	100%	\$ 9,254,000
2007	9,522,000	100%	9,522,000
2008	10,396,025	100%	10,396,025
2009	10,938,000	100%	10,938,000
2010	11,501,900	100%	11,501,900
2011	11,941,035	101%	12,015,996

**REQUIRED SUPPLEMENTARY INFORMATION
POLICE AND FIREMEN-RETIREMENT PLAN
June 30, 2011**

Schedule of Funding Progress

Fiscal Year-End	Actuarial	Actuarial	Unfunded	Funded	Covered	UAAL as a
	Value of Assets (a)	Accrued Liability (AAL) (b)	AAL (UAAL) (b-a)	Ratio (a/b)	Payroll (c)	Percentage of Covered Payroll (b-a)/(c)
6/30/06	\$ 262,584,200	\$ 423,997,500	\$ 161,413,300	61.9%	\$ 53,854,000	299.7%
6/30/07	267,476,700	450,434,000	182,957,300	59.4%	52,998,500	345.2%
6/30/08	285,490,700	470,931,700	185,441,000	60.6%	55,602,000	333.5%
6/30/09	301,004,223	512,853,088	211,848,865	58.7%	58,017,427	365.1%
6/30/10	297,398,600	534,902,000	237,503,400	55.6%	54,570,400	435.2%
6/30/11	290,172,300	557,015,300	266,843,000	52.1%	57,301,700	465.7%

Schedule of Employer Contributions

Year Ended June 30,	Annual		Actual Contribution
	Required Contribution	Percentage Contributed	
2006	\$ 12,871,000	100%	\$ 12,871,000
2007	13,481,000	100%	13,481,000
2008	15,000,000	100%	15,000,000
2009	16,687,000	100%	16,687,000
2010	17,811,000	100%	17,811,000
2011	18,692,000	100%	18,692,000

REQUIRED SUPPLEMENTARY INFORMATION
OPEB PLAN
June 30, 2011

Schedule of Funding Progress - OPEB Plan

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

Schedule of Employer Contributions - OPEB Plan

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Actual Contribution
2008	\$ 42,126,000	34.1%	\$ 14,350,000
2009	42,126,000	44.9%	18,931,531
2010	42,126,000	47.1%	19,835,300
2011	37,865,000	49.3%	18,654,400

CITY OF NEW HAVEN, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2011

Note 1. Budgetary Information

General Fund

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

- A. The budget is developed by the Mayor, and adopted by the Board of Aldermen on or before the first Monday in June. If the Board of Aldermen fails to act upon the recommended budget by the first Monday in June, the recommendations of the Mayor shall be the legal budget of the City. The Mayor may, within ten days subsequent to adoption of the budget, veto specific line items. Any veto by the Mayor may be overridden by a two-thirds vote of the Board of Aldermen.
- B. Concurrent with its submission to the Board of Aldermen, the budget is to be filed with the City Clerk. Within four business days after its filing, the clerk shall publish in a newspaper of general circulation in the City the proposed budget. The Board of Aldermen budget committee(s) shall hold at least two public hearings thereon. The first hearing shall be no later than 15 calendar days after the publication of the budget and another hearing shall be held at least 7 calendar days before the first reading by the Board of Aldermen.
- C. The Board of Aldermen can approve additional appropriations on the recommendation of the Mayor. However, the Board of Aldermen shall not reduce any item proposed by the Mayor for the payment of interest or principal on municipal debt.
- D. The total amount of the annual appropriations for any year shall not exceed the estimated income for that year.
- E. Formal budgetary integration is employed as a management control device during the year.
- F. Except for the use of encumbrance accounting and the classification of certain revenues and expenditures, budgets are adopted on a modified accrual basis of accounting.
- G. Budgeted amounts reported in the financial statements have been revised to include Board of Aldermen revisions that were approved during the 2010-2011 fiscal year. Budgetary comparison schedules are presented in the supplemental section as Required Supplemental Information.
- H. In general, all unobligated appropriations lapse at year end.
- I. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order was issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year whereas they are shown as assigned fund balance on a GAAP basis of accounting.

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

CITY OF NEW HAVEN, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, Continued
June 30, 2011

Special Revenue Funds

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

Capital Projects Funds

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

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

Nonmajor Governmental Funds

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CITY OF NEW HAVEN, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue Funds			
	Community Development	Improvement	Human Resources	Redevelopment Agency
ASSETS				
Cash and cash equivalents	\$ 8,379,178	\$ 3,990,595	\$ 2,438,129	\$ 609,663
Investments	82,568	-	-	-
Due from other funds	-	-	-	-
Receivables, net	175,833	10,000	58,974	2,426
Receivables from other governments	1,542,208	184,036	1,657,780	-
Total assets	\$ 10,179,787	\$ 4,184,631	\$ 4,154,883	\$ 612,089
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,050,713	\$ 1,185,923	\$ 1,797,980	\$ -
Accrued liabilities	47,152	1,008	103,526	-
Retainage payable	232,500	24,421	-	-
Due to other funds	722,978	287,766	1,851,708	4,443
Due to other governments	608,375	-	12	-
Unearned revenue	-	19,785	-	-
Deferred revenue	773,564	185,460	-	-
Amounts held for others	222,835	-	-	9,744
Total liabilities	3,658,117	1,704,363	3,753,226	14,187
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	6,521,670	-	401,657	597,902
Committed	-	2,480,268	-	-
Assigned	-	-	-	-
Total fund balances	6,521,670	2,480,268	401,657	597,902
Total liabilities and fund balances	\$ 10,179,787	\$ 4,184,631	\$ 4,154,883	\$ 612,089

SCHEDULE 7

Special Revenue Funds				Total Non-major Governmental Funds (See Exhibit C)
Other	Other ETF	Permanent Funds	Debt Service Fund	
\$ 3,707,277	\$ 1,364,602	\$ 958,226	\$ -	\$ 21,447,670
-	1,839,575	2,421,218	-	4,343,361
-	-	-	2,163,096	2,163,096
208,036	49,031	-	-	504,300
273,918	-	-	-	3,657,942
<u>\$ 4,189,231</u>	<u>\$ 3,253,208</u>	<u>\$ 3,379,444</u>	<u>\$ 2,163,096</u>	<u>\$ 32,116,369</u>
\$ 414,244	\$ -	\$ 402,794	\$ -	\$ 4,851,654
47,801	-	-	-	199,487
-	-	-	-	256,921
649,165	56,005	-	-	3,572,065
-	-	-	-	608,387
-	-	-	-	19,785
197,677	-	-	-	1,156,701
1,210,161	1,679,122	-	-	3,121,862
<u>2,519,048</u>	<u>1,735,127</u>	<u>402,794</u>	<u>-</u>	<u>13,786,862</u>
-	-	2,381,320	-	2,381,320
812,077	1,518,081	595,330	2,163,096	12,609,813
-	-	-	-	2,480,268
858,106	-	-	-	858,106
<u>1,670,183</u>	<u>1,518,081</u>	<u>2,976,650</u>	<u>2,163,096</u>	<u>18,329,507</u>
<u>\$ 4,189,231</u>	<u>\$ 3,253,208</u>	<u>\$ 3,379,444</u>	<u>\$ 2,163,096</u>	<u>\$ 32,116,369</u>

CITY OF NEW HAVEN, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011**

	Special Revenue Funds			
	Community Development	Improvement	Human Resources	Redevelopment Agency
REVENUES				
Intergovernmental	\$ 10,609,598	\$ 2,428,163	\$ 10,854,441	\$ -
Investment earnings	84,645	1	(129)	808
Charges for services	648,743	-	462,646	-
Other contributions	3,341,262	186,020	2,419,127	-
Total revenues	14,684,248	2,614,184	13,736,085	808
EXPENDITURES				
Current:				
General government	-	-	-	-
Public works	-	2,765,358	-	-
Public services	11,939,259	-	13,419,402	-
Debt service:				
Principal	550,000	-	-	-
Interest	87,073	-	-	-
Total expenditures	12,576,332	2,765,358	13,419,402	-
Excess (deficiency) of revenues over expenditures	2,107,916	(151,174)	316,683	808
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	785,000	-
Premium on bonds	-	-	-	-
Total other financing sources (uses)	-	-	785,000	-
Net change in fund balances	2,107,916	(151,174)	1,101,683	808
FUND BALANCES, beginning	4,413,754	2,631,442	(700,026)	597,094
FUND BALANCES, ending	\$ 6,521,670	\$ 2,480,268	\$ 401,657	\$ 597,902

SCHEDULE 8

Special Revenue Funds					Total Non-major Governmental Funds (See Exhibit D)
Other	Other ETF	Permanent Funds	Debt Service Fund		
\$ 4,583,980	\$ -	\$ -	\$ -	\$	28,476,182
4,081	4,778	-	-		94,184
1,574,643	-	-	-		2,686,032
1,366,737	302,826	439,777	-		8,055,749
<u>7,529,441</u>	<u>307,604</u>	<u>439,777</u>	<u>-</u>		<u>39,312,147</u>
8,047,330	-	-	-		8,047,330
-	-	-	-		2,765,358
-	-	-	-		25,358,661
-	-	-	-		550,000
-	-	-	-		87,073
<u>8,047,330</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>36,808,422</u>
(517,889)	307,604	439,777	-		2,503,725
-	-	-	-		785,000
-	-	-	2,163,096		2,163,096
-	-	-	2,163,096		2,948,096
(517,889)	307,604	439,777	2,163,096		5,451,821
<u>2,188,072</u>	<u>1,210,477</u>	<u>2,536,873</u>	<u>-</u>		<u>12,877,686</u>
<u>\$ 1,670,183</u>	<u>\$ 1,518,081</u>	<u>\$ 2,976,650</u>	<u>\$ 2,163,096</u>	<u>\$</u>	<u>18,329,507</u>

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Internal Service Funds

COMBINING STATEMENT OF NET ASSETS (DEFICITS)
INTERNAL SERVICE FUNDS
June 30, 2011

	Self-Insurance Reserve	Medical Self-Insurance	Worker's Compensation	Total (See Exhibit F)
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 5,549,200	\$ 2,094,907	\$ 2,954,723	\$ 10,598,830
Receivables, net	-	1,393,224	100,907	1,494,131
Due from other funds	-	2,760,885	-	2,760,885
Total current assets	5,549,200	6,249,016	3,055,630	14,853,846
LIABILITIES				
Current Liabilities:				
Accounts payable	443,121	720,158	-	1,163,279
Due to other funds	7,753,529	-	3,020,192	10,773,721
Accrued estimated healthcare claims	-	4,782,673	-	4,782,673
Claims and judgments	3,631,750	-	-	3,631,750
Other liabilities	7,665	720,018	-	727,683
Total current liabilities	11,836,065	6,222,849	3,020,192	21,079,106
Noncurrent Liabilities:				
Claims and judgments	7,050,475	-	-	7,050,475
Advances from other funds	4,000,000	-	-	4,000,000
	11,050,475	-	-	11,050,475
Total liabilities	22,886,540	6,222,849	3,020,192	32,129,581
NET ASSETS (DEFICITS)				
Unrestricted	(17,337,340)	26,167	35,438	(17,275,735)
Total net assets (deficits)	\$ (17,337,340)	\$ 26,167	\$ 35,438	\$ (17,275,735)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICITS)
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2011

	Self-Insurance Reserve	Medical Self-Insurance	Worker's Compensation	Total (See Exhibit G)
OPERATING REVENUES				
Employer's contribution	\$ 4,000,000	\$ 51,603,659	\$ -	\$ 55,603,659
Charges for services	-	10,901,068	-	10,901,068
Miscellaneous	87,429	-	866	88,295
Total operating revenues	4,087,429	62,504,727	866	66,593,022
OPERATING EXPENSES				
Insurance claims and expenses	5,259,902	62,490,164	-	67,750,066
Total operating expenses	5,259,902	62,490,164	-	67,750,066
Change in net assets	(1,172,473)	14,563	866	(1,157,044)
NET ASSETS (DEFICITS), beginning	(16,164,867)	11,604	34,572	(16,118,691)
NET ASSETS (DEFICITS), ending	\$ (17,337,340)	\$ 26,167	\$ 35,438	\$ (17,275,735)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2011

	Self-Insurance Reserve	Medical Self-Insurance	Worker's Compensation	Total (See Exhibit H)
CASH FLOWS FROM OPERATING ACTIVITIES				
City's contribution	\$ 4,000,000	\$ 51,603,659	\$ -	\$ 55,603,659
Cash received from users (including other funds)	-	10,901,068	-	10,901,068
Internal activity - payments from (to) other funds	-	(1,711,811)	2,824,030	1,112,219
Claims and other expenses paid	(1,861,192)	(59,072,050)	-	(60,933,242)
Other receipts	87,429	-	20,674	108,103
Net cash provided by operating activities	2,226,237	1,720,866	2,844,704	6,791,807
Net increase in cash and cash equivalents	2,226,237	1,720,866	2,844,704	6,791,807
CASH AND CASH EQUIVALENTS				
Beginning of year	3,322,963	374,041	110,019	3,807,023
End of year	\$ 5,549,200	\$ 2,094,907	\$ 2,954,723	\$ 10,598,830
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities				
Operating (loss) income	\$ (1,172,473)	\$ 14,563	\$ 866	\$ (1,157,044)
Change in Assets and Liabilities:				
Decrease in receivables, net	-	252,850	19,808	272,658
Decrease in accrued estimated healthcare payments	-	(664,587)	-	(664,587)
Increase in claims and judgments	1,923,950	-	-	1,923,950
Increase in accounts payable and other	412,423	406,229	-	818,652
Increase in due to other funds and advances	1,062,337	1,711,811	2,824,030	5,598,178
Net cash provided by operating activities	\$ 2,226,237	\$ 1,720,866	\$ 2,844,704	\$ 6,791,807

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Fiduciary Funds

COMBINING STATEMENT OF TRUST FUND NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	City Employees' Retirement Fund	Policemen's and Firemen's Retirement Fund	Other Retirement Fund	Post-Employment Benefit Plan Fund	Combined Trust Funds (See Exhibit I)
ASSETS					
Cash and short-term investments	\$ 13,072,050	\$ 6,245,710	\$ 1,299,674	\$ 226,580	\$ 20,844,014
Interest and dividends receivable	388,351	799,909	139	-	1,188,399
Accounts receivable-investment sales	1,860,025	6,238,292	14	-	8,098,331
Accounts receivable- other	120,519	198,668	-	-	319,187
Due from other funds	-	-	-	50,000	50,000
	<u>15,440,945</u>	<u>13,482,579</u>	<u>1,299,827</u>	<u>276,580</u>	<u>30,499,931</u>
INVESTMENTS					
Government agencies	4,064,043	2,383,150	-	-	6,447,193
Government bonds	4,977,059	14,653,889	-	-	19,630,948
Municipal bonds	315,924	515,870	-	-	831,794
Government mortgages	270,470	3,827,387	-	-	4,097,857
Common stock	72,771,747	165,730,845	73,112	-	238,575,704
Fixed income funds	3,909,412	-	-	-	3,909,412
Commercial backed mortgages	-	1,169,733	-	-	1,169,733
Corporate bonds	24,248,969	24,993,018	-	-	49,241,987
Corporate convertible bond	-	2,437,367	-	-	2,437,367
Hedge Equities	4,996,986	2,459,573	-	-	7,456,559
Managed futures	13,845,499	-	-	-	13,845,499
Asset-backed securities	3,527	8,198,401	-	-	8,201,928
Venture capital partnerships	13,056,028	26,227,119	-	-	39,283,147
Commodity - ETFs	1,762,197	-	-	-	1,762,197
Non-governmental backed bonds	-	586,016	-	-	586,016
Real estate funds	6,817,528	15,045,999	-	-	21,863,527
Total investments	<u>151,039,389</u>	<u>268,228,367</u>	<u>73,112</u>	<u>-</u>	<u>419,340,868</u>
Total assets	<u>166,480,334</u>	<u>281,710,946</u>	<u>1,372,939</u>	<u>276,580</u>	<u>449,840,799</u>
LIABILITIES					
Accounts payable-vendors	413,140	288,043	-	50,000	751,183
Accounts payable-investment purchases	1,265,558	795,693	-	-	2,061,251
Accounts payable-other	4,584	2,275	-	-	6,859
Accrued liabilities	249,046	60,460	-	-	309,506
Total liabilities	<u>1,932,328</u>	<u>1,146,471</u>	<u>-</u>	<u>50,000</u>	<u>3,128,799</u>
NET ASSETS					
Held in Trust for Pension Benefits	\$ 164,548,006	\$ 280,564,475	\$ 1,372,939	\$ 226,580	\$ 446,712,000

COMBINING STATEMENT OF CHANGES IN TRUST FUND NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2011

	City Employees' Retirement Fund	Policemen's and Firemen's Retirement Fund	Other Retirement Fund	Post-Employment Benefit Plan Fund	Combined Trust Funds (See Exhibit J)
ADDITIONS					
Contributions:					
Employer contributions	\$ 12,015,996	\$ 18,691,926	\$ -	\$ 18,690,895	\$ 49,398,817
Plan members	3,520,666	6,570,038	-	2,528,661	12,619,365
Total contributions	15,536,662	25,261,964	-	21,219,556	62,018,182
Investment Earnings:					
Net appreciation in fair value of investments	24,249,256	42,927,398	12,219	-	67,188,873
Interest	2,060,307	3,026,440	2,374	1,580	5,090,701
Alternative investment distribution income	433,236	1,122,853	-	-	1,556,089
Miscellaneous Income	170,088	101,918	-	-	272,006
Dividends	1,067,177	3,474,493	2,989	-	4,544,659
Total investment income	27,980,064	50,653,102	17,582	1,580	78,652,328
Less Investment Expense:					
Investment management fees	910,856	1,262,498	-	-	2,173,354
Investment administrative fees	246,631	305,597	-	-	552,228
Legal fees	94,407	20,264	-	-	114,671
Foreign dividend tax expense	-	75,533	-	-	75,533
Net investment earnings	26,728,170	48,989,210	17,582	1,580	75,736,542
Total additions	42,264,832	74,251,174	17,582	21,221,136	137,754,724
DEDUCTIONS					
Benefits	25,481,282	34,988,898	36,084	21,219,556	81,725,820
Total deductions	25,481,282	34,988,898	36,084	21,219,556	81,725,820
Net increase (decrease)	16,783,550	39,262,276	(18,502)	1,580	56,028,904
NET ASSETS, beginning of year	147,764,456	241,302,199	1,391,441	225,000	390,683,096
NET ASSETS, end of year	\$ 164,548,006	\$ 280,564,475	\$ 1,372,939	\$ 226,580	\$ 446,712,000

Other Schedules

SCHEDULE OF DEBT LIMITATION
For the Year Ended June 30, 2011

Total tax collections (including interest and lien fees) received for the year ended June 30, 2011	\$ 217,904,428
Reimbursement for revenue loss from: Elderly tax relief	<u>10,000</u>
BASE	<u><u>\$ 217,914,428</u></u>

	General Purpose	Schools	Sewer	Urban Renewal	Pension Bonding	Total
Debt Limitation						
2-1/4 times base	\$ 490,307,463	-	-	-	-	490,307,463
4-1/2 times base	-	980,614,926	-	-	-	980,614,926
3-3/4 times base	-	-	817,179,105	-	-	817,179,105
3-1/4 times base	-	-	-	708,221,891	-	708,221,891
3 times base	-	-	-	-	653,743,284	653,743,284
Total debt limitation	<u>490,307,463</u>	<u>980,614,926</u>	<u>817,179,105</u>	<u>708,221,891</u>	<u>653,743,284</u>	<u>3,650,066,669</u>
Indebtedness						
Bonds payable	175,380,951	309,461,783	-	14,395,606	-	499,238,340
Grant anticipation note	-	55,260,968	-	-	-	55,260,968
School grants receivable	-	(48,647,948)	-	-	-	(48,647,948)
Bonds authorized and unissued	-	215,007,064	-	-	-	215,007,064
Total indebtedness of the City	<u>175,380,951</u>	<u>531,081,867</u>	<u>-</u>	<u>14,395,606</u>	<u>-</u>	<u>720,858,424</u>
Component Unit Indebtedness						
New Haven Parking Authority	12,950,000	-	-	-	-	12,950,000
New Haven Solid Waste Authority	10,115,000	-	-	-	-	10,115,000
Total indebtedness	<u>198,445,951</u>	<u>531,081,867</u>	<u>-</u>	<u>14,395,606</u>	<u>-</u>	<u>743,923,424</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 291,861,512</u></u>	<u><u>\$ 449,533,059</u></u>	<u><u>\$ 817,179,105</u></u>	<u><u>\$ 693,826,285</u></u>	<u><u>\$ 653,743,284</u></u>	<u><u>\$ 2,906,143,245</u></u>

Total indebtedness amounts to \$720,858,424, but in no event shall total indebtedness exceed \$1,525,400,000 (seven times the base for debt limitation).

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

For the Year Ended June 30, 2011

Grand List	Uncollected Taxes July 1, 2010	Current Levy	Lawful Corrections		Transfers to Suspense	Net Amount Collectible
			Additions	Deductions		
1995	\$ 66,329	\$ -	\$ -	\$ 3,516	\$ -	\$ 62,813
1996	82,365	-	-	3,603	-	78,762
1997	71,716	-	-	1,868	-	69,848
1998	71,554	-	-	2,118	-	69,436
1999	71,071	-	-	2,118	-	68,953
2000	72,244	-	-	2,790	-	69,454
2001	95,620	-	-	3,024	-	92,596
2002	113,477	-	-	1,548	-	111,929
2003	108,687	-	-	1,825	-	106,862
2004	128,919	-	-	5,710	-	123,209
2005	228,387	-	-	17,413	-	210,974
2006	323,071	-	-	14,680	-	308,391
2007	1,688,508	-	-	184,239	880,966	623,303
2008	4,751,837	-	-	455,833	655,643	3,640,361
Prior Years' Total	7,873,785	-	-	700,285	1,536,609	5,636,891
2009	221,149,522	-	-	1,859,302	-	219,290,220
	<u>\$ 229,023,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,559,587</u>	<u>\$ 1,536,609</u>	<u>\$ 224,927,111</u>

SCHEDULE 15

Collections				Uncollected
Taxes	Interest	Lien Fees	Total	Taxes June 30, 2011
\$ -	\$ -	\$ -	\$ -	\$ 62,813
14	(82)	-	(68)	78,748
-	-	-	-	69,848
672	1,381	-	2,053	68,764
1,641	3,033	-	4,674	67,312
-	-	-	-	69,454
350	526	-	876	92,246
13,962	8,182	-	22,144	97,967
1,704	1,931	-	3,635	105,158
4,338	6,854	-	11,192	118,871
33,702	26,123	-	59,825	177,272
65,796	39,814	-	105,610	242,595
234,708	137,802	-	372,510	388,595
2,016,832	405,066	-	2,421,898	1,623,529
2,373,719	630,630	-	3,004,349	3,263,172
213,902,653	997,358	-	214,900,011	5,387,567
<u>\$ 216,276,372</u>	<u>\$ 1,627,988</u>	<u>\$ -</u>	<u>\$ 217,904,360</u>	<u>\$ 8,650,739</u>

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