

**CITY OF NEW HAVEN, CONNECTICUT**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**CITY OF NEW HAVEN, CONNECTICUT**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2005**

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## LEVITSKY & BERNEY

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### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Haven, Connecticut, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of New Haven, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Haven Parking Authority and the New Haven Coliseum Authority, component units of the City, and the New Haven Water Pollution Control Authority, an enterprise fund, which statements reflect total net assets of \$112,209,888 and total changes in net assets of (\$2,195,456) for the year then ended. 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, the New Haven Coliseum Authority and the New Haven Water Pollution Control Authority is based on the report of the other auditors.

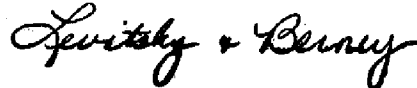
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the New Haven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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Haven, Connecticut as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2005, on our consideration of the City of New Haven, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis on pages 3 through 18 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Haven, Connecticut's basic financial statements. The accompanying combining and individual fund statements and schedules, and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



LEVITSKY & BERNEY, P.C.  
Certified Public Accountants

November 18, 2005



**CITY OF NEW  
HAVEN**  
DEPARTMENT OF FINANCE



John DeStefano Jr.  
*Mayor*

Mark Pietrosimone  
*City Controller*

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of New Haven's Management discussion and analysis for the fiscal year ending June 30, 2005 is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

### **Government-Wide Financial Statements**

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

The analysis of the City as a whole begins on Exhibit A and B of the following audited financial statements. 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, is 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 Water Pollution Control Authority, Golf Course, Skating Rink, East Rock Community Radio Tower and the Transfer Station Enterprise Funds.

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

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

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

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

The basic fiduciary fund financial statements can be found in the schedules of audited financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City of New Haven's combined net assets increased from a year ago by \$16.8 million to \$463.9 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

	Governmental Activities		Business Type Activities		Total	
	2005	2004	2005	2004	2005	2004
	<b>Current And Other Assets</b>	<b>195,651,277</b>	<b>242,553,939</b>	<b>14,169,441</b>	<b>15,286,123</b>	<b>209,820,718</b>
<b>Capital Assets</b>	<b>882,558,219</b>	<b>800,646,503</b>	<b>126,428,211</b>	<b>118,250,762</b>	<b>1,008,986,430</b>	<b>918,897,265</b>
<b>Total Assets</b>	<b>1,078,209,496</b>	<b>1,043,200,442</b>	<b>140,597,652</b>	<b>133,536,885</b>	<b>1,218,807,148</b>	<b>1,176,737,327</b>
<b>Other Liabilities</b>	<b>146,374,484</b>	<b>149,323,250</b>	<b>262,301</b>	<b>(5,624,684)</b>	<b>146,636,785</b>	<b>143,698,566</b>
<b>Long-term debt outstanding</b>	<b>561,314,085</b>	<b>544,854,528</b>	<b>46,945,558</b>	<b>41,045,643</b>	<b>608,259,643</b>	<b>585,900,171</b>
<b>Total Liabilities</b>	<b>707,688,569</b>	<b>694,177,778</b>	<b>47,207,859</b>	<b>35,420,959</b>	<b>754,896,428</b>	<b>729,598,737</b>
<b>Net Assets:</b>						
<b>Invested in capital assets (net of debt)</b>	<b>392,890,484</b>	<b>323,566,090</b>	<b>79,659,170</b>	<b>77,396,120</b>	<b>472,549,654</b>	<b>400,962,210</b>
<b>Restricted</b>	<b>16,805,421</b>	<b>1,182,962</b>	<b>-</b>	<b>-</b>	<b>16,805,421</b>	<b>1,182,962</b>
<b>Unrestricted</b>	<b>(39,174,978)</b>	<b>24,273,612</b>	<b>13,730,623</b>	<b>20,719,806</b>	<b>(25,444,355)</b>	<b>44,993,418</b>
<b>Total net Assets</b>	<b>370,520,927</b>	<b>349,022,664</b>	<b>93,389,793</b>	<b>98,115,926</b>	<b>463,910,720</b>	<b>447,138,590</b>

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



Table 2  
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	47,916,429	33,147,486	17,199,243	16,293,557	65,115,672	49,441,043
Operating Grants and Contributions	217,694,875	230,859,756	-	-	217,694,875	230,859,756
Capital Grants and Contributions	72,110,067	108,604,271	3,181,484	5,698,605	75,291,551	114,302,876
<b>General Revenues:</b>						
Property Taxes	151,508,587	151,805,328	-	-	151,508,587	151,805,328
Grants and Contributions not restricted to specific purposes	51,603,825	53,829,479	-	-	51,603,825	53,829,479
One Time Payments	6,000,000	-	-	-	6,000,000	-
Investment Earnings	2,075,304	1,076,470	189,515	95,022	2,264,819	1,171,492
Prior Period Adjustment	-	(269,824)	-	-	-	(269,824)
Transfers	7,310,000	494,000	(7,310,000)	(494,000)	-	-
<b>Total Revenues</b>	<b>556,219,087</b>	<b>579,546,966</b>	<b>13,260,242</b>	<b>21,593,184</b>	<b>569,479,329</b>	<b>601,140,150</b>
<b>Expenses:</b>						
<b>Program Expenses:</b>						
General Government	33,331,449	22,104,292	-	-	33,331,449	22,104,292
Education	241,022,920	240,583,172	-	-	241,022,920	240,583,172
Public Safety	58,787,561	56,652,505	-	-	58,787,561	56,652,505
Public Works	24,064,622	24,009,505	-	-	24,064,622	24,009,505
Public Services	40,469,049	38,483,755	-	-	40,469,049	38,483,755
Employee Benefits and Insurance	68,942,717	75,890,123	-	-	68,942,717	75,890,123
Development	-	-	-	-	-	-
Health and Welfare	8,619,934	8,464,729	-	-	8,619,934	8,464,729
Culture and Recreation	-	-	-	-	-	-
Other	35,889,536	38,765,338	-	-	35,889,536	38,765,338
Interest on long-term Debt	23,593,036	18,221,409	-	-	23,593,036	18,221,409
WPCA	-	-	16,938,947	16,167,204	16,938,947	16,167,204
Other	-	-	1,047,428	1,238,646	1,047,428	1,238,646
<b>Total Expenses</b>	<b>534,720,824</b>	<b>523,174,828</b>	<b>17,986,375</b>	<b>17,405,850</b>	<b>552,707,199</b>	<b>540,580,678</b>
<b>Increase in Net Assets</b>	<b>21,498,263</b>	<b>56,372,138</b>	<b>(4,726,133)</b>	<b>4,187,334</b>	<b>16,772,130</b>	<b>60,559,472</b>
Net Assets 6/30/04	349,022,664	292,650,526	98,115,926	93,928,592	447,138,590	386,579,118
Net Assets 6/30/05	370,520,927	349,022,664	93,389,793	98,115,926	463,910,720	447,138,590

## Financial Highlights

- The City finished the FY 05 General Fund budget with an operating surplus of \$30,895.
- The City continued to improve on its Tax Collection Rate from 97.29% in FY 04 to 98.39% in FY 05 (see tables in Tax Collection section of this report for an historical overview).
- The City's mill rate increased to 39.53 (per thousand) in FY05 as compared to a FY04 mill rate of 38.53 (per thousand) (see tables in Tax Collection section of this report for an historical overview).
- The City's FY05, Total Gross taxable grand list increased to \$4,101,236,254 (2003 GL) as compared to FY 04 Total Gross taxable grand list of \$4,162,644,625 (2002GL).
- The comparative analysis, performed by the City's Assessor (as of January 28, 2005) indicates an overall increase in the 2004 Net Grand List of approximately 2.4% from the 2003 Net Grand list. The net Real Estate Grand list increased by 2.0%. Several major projects, including IKEA, were completed by the assessment date. The City's assessment deferral program reduced the Real Estate portion of the Grand list by approximately \$27,742,874 and reduced taxes collectable by \$1,179,904. The net Personal property grand list increased by 3.8%. Depreciation, downsizing and the lack of new purchases were offset by the Assessor's and Finance Department's Personal Property discovery initiative. Actual growth in net Personal Property is a result of a decrease in economic exemptions. The Motor Vehicle net Grand List increased by 4.3%. The consensus among assessors is that late model cars depreciated at a considerable lesser rate combined with an increase in new car purchases.
- The City's General Fund budget (primary operating fund) had increased by \$18,502,897 from a FY 04 amended budgeted amount of \$361,524,730 to FY 05 amended budgeted amount of \$380,027,627. The portion of the budget for the Department of Education expenditures increased by \$3,050,000 from a FY 04 amount of \$153,771,565 to a FY 05 amount of \$156,821,565.

## Grand List

The City's net Grand List is the net value of all property within the City of New Haven. The City's taxable Grand list history is displayed as follows:

<u>FY</u>	<u>TAXABLE GRAND LIST</u>	<u>EXEMPTIONS</u>	<u>NET GRAND LIST</u>
04-05	\$4,101,236,254	\$214,694,634	\$3,886,541,620
03-04	\$4,162,644,625	\$225,754,890	\$3,936,889,735
02-03	\$4,116,596,496	\$230,393,141	\$3,886,203,255
01-02	\$3,938,129,114	\$197,935,779	\$3,740,193,335
00-01	\$3,879,505,506	\$170,634,828	\$3,708,870,678
99-00	\$3,914,599,952	\$166,350,564	\$3,748,249,388
98-99	\$3,873,658,389	\$157,650,241	\$3,716,608,148

## **Fund Balance**

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.

An excellent example of the benefits of a positive fund balance occurred in FY03. During the FY03, the State of Connecticut implemented a mid-year revenue reduction to all Cities and towns resulting in the City losing \$4.4 million in budgeted revenue. That year, City officials requested and subsequently received approval from the Board of Aldermen to use \$3,721,029 of the Fund Balance to eliminate the operating deficit. Through the use of the Fund Balance, the City was able to meet its budgetary demands without a supplemental form of increased taxes.

The year ending audited Fund Balance for FY 05 is \$12,979,396, which reflects a .24% increase over the previous year.

Rating Agencies look to fund balance as a barometer of fiscal health for the City. These rating agencies rate the risk for investors willing to buy debt issued for the purpose of financing the City's capital projects. The higher ratings translate into lower interest costs on capital borrowings. The City sold \$45 million in general obligation bonds in March 05. To do so, the City's current financial health was reviewed by several rating agencies and the City maintained its ratings from those rating agencies, however both Moody's Investor Services and Fitch Investor Services have in place negative outlooks, based on the additional pressures on the City's fiscal management, the City's reliance on one-time revenue and reduced financial flexibility in the short term future.

The ratings are as follows:

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

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

Fund Balance history:

<u>End of Fiscal Year</u>	<u>Fund Balance</u>
93-94	3,282,867
94-95	6,554,209
95-96	11,610,049
96-97	14,078,135
97-98	15,874,656
98-99	17,985,630
99-00	17,332,501
00-01	20,332,114
01-02	17,658,226
02-03*	12,503,197
03-04	12,948,501
04-05	12,979,396

\*mid year State Budgeted Revenue cuts necessitated the use of fund balance to balance FY 02-03 operating budget.

**FY 05 General Fund Budget**

The Board of Aldermen originally approved the FY 05 City General Fund Budget on May 24, 2004 in compliance with City Charter requirements. The Connecticut State Legislature had not yet completed the State's budget. As a result, the City's budgeted State Revenue differed in several categories in the City's budget. The City revised its FY 05 budget and received approval for that revised budget from the Board of Aldermen on February 22, 2005. The General Fund budget increased from its original amount of \$378,399,341 to the amended amount of \$380,027,627.

The following table illustrates the City's summary of operations for the City's General Fund for FY 99 through FY04:

**City of New Haven Summary of Operations  
Fiscal Year 1999 to Fiscal Year 2004**

	Fiscal Year 1999 (Audited)	Fiscal Year 2000 (Audited)	Fiscal Year 2001 (Audited)	Fiscal Year 2002 (Audited)	Fiscal Year 2003 (Audited)	Fiscal Year 2004 (Audited)
<b>REVENUES</b>						
Property Taxes	\$ 137,335,273	130,011,614	133,758,527	134,571,868	146,401,025	151,484,011
Licenses, Permits and Other Charges	6,093,868	6,108,753	8,983,756	6,240,968	6,918,391	10,202,934
Fines, Forfeitures and Penalties	1,793,086	1,853,383	1,992,954	2,247,776	2,869,056	2,282,090
Federal and State Governments	176,474,431	183,933,786	196,076,728	200,176,791	187,053,063	187,085,418
Payment in Lieu of Taxes	-	-	-	-	-	3,262,738
Investment Income	2,405,710	2,430,790	2,129,758	512,696	885,891	748,993
Other Revenue	6,222,925	7,430,623	6,399,916	8,400,789	6,614,499	6,903,703
<b>Total Revenues</b>	<b>\$ 330,325,293</b>	<b>331,768,949</b>	<b>349,341,639</b>	<b>352,150,888</b>	<b>350,741,925</b>	<b>361,969,887</b>
<b>EXPENDITURES</b>						
General Government	\$ 12,892,367	14,428,762	15,065,084	14,023,098	19,259,447	17,460,362
Development	6,716,469	8,613,456	7,079,439	5,091,388	4,664,200	4,798,947
Public Safety	48,226,018	51,390,001	63,620,861	67,179,315	54,002,296	55,038,482
Public Works	11,973,864	12,768,457	13,552,710	13,733,855	15,523,562	15,446,675
Health & Welfare	6,108,976	6,481,953	7,055,619	8,192,492	7,355,917	6,655,735
Recreation	8,333,453	9,051,771	10,032,202	9,864,146	8,381,291	7,864,929
Education	135,326,076	147,581,642	150,798,608	156,947,934	150,712,891	153,608,236
Pension & Insurance	60,923,156	48,273,750	52,736,440	44,943,688	57,387,898	61,331,045
Other Expenditures	2,041,090	1,683,788	1,057,065	1,115,362	1,200,000	-
Capital Outlays	-	-	-	492,363	230,887	-
Debt Service	28,882,850	34,148,498	34,503,998	30,541,135	37,178,565	39,320,172
<b>Total Expenditures</b>	<b>\$ 321,424,319</b>	<b>332,422,078</b>	<b>345,502,026</b>	<b>352,124,776</b>	<b>355,896,954</b>	<b>361,524,583</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 8,900,974</b>	<b>(653,129)</b>	<b>3,839,613</b>	<b>26,112</b>	<b>(5,155,029)</b>	<b>445,304</b>
<b>OTHER FINANCING SOURCES(USES)</b>						
Proceeds from capital leases	\$ -	-	-	-	-	-
Proceeds from sale of bonds	-	8,350,000	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-
Payment of refunded bond escrow agent	-	-	-	-	-	-
Payment to insurance carrier	-	(8,350,000)	-	-	-	-
Retirement of Bonds	-	-	-	-	-	-
Operating transfers in	210,000	-	-	-	-	-
Operating transfers out	(7,000,000)	-	(840,000)	(2,700,000)	-	-
<b>Net other financing sources (uses)</b>	<b>\$ (6,790,000)</b>	<b>-</b>	<b>(840,000)</b>	<b>(2,700,000)</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ 2,110,974</b>	<b>(653,129)</b>	<b>2,999,613</b>	<b>(2,673,888)</b>	<b>(5,155,029)</b>	<b>445,304</b>
<b>FUND BALANCE (DEFICIT), beginning of the year</b>	<b>\$ 15,874,656</b>	<b>17,985,630</b>	<b>17,332,501</b>	<b>20,332,114</b>	<b>17,658,226</b>	<b>12,503,197</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 17,985,630</b>	<b>17,332,501</b>	<b>20,332,114</b>	<b>17,658,226</b>	<b>12,503,197</b>	<b>12,948,501</b>

**City of New Haven  
General Fund  
Statement of Operations  
For Period Ending June 30, 2005**

<u>Revenues</u>	<u>Actual Amounts</u>
Taxes	\$ 154,152,809
Licenses, Permits & Other Charges	8,736,457
Federal & State Governments	188,974,472
Fines, Forfeitures & Penalties	3,735,640
Investment Income	1,597,216
Payment in Lieu of Taxes	3,021,734
Other Revenue	10,217,841
<b>Total Revenue</b>	<b>\$ 370,436,169</b>

<u>Expenses</u>	<u>Actual Amounts</u>
Tax & Assessors	\$ 490,250
Corporation Counsel	1,927,545
Cultural & Recreation	8,016,916
Debt Services	44,587,448
Development	5,035,563
Education	156,634,755
Employee Benefits	48,349,908
City Employee Retirement Fund	7,229,000
Police & Fire Retirement Fund	11,028,000
Engineering	2,106,935
Finance	3,559,252
Utilities	3,035,772
Liability Self Insurance	3,380,179
Fire Services	26,335,187
General Government	1,068,509
Human Resources	488,912
Health & Welfare	6,980,100
Mayor & Administration	1,154,476
Board of Alderman	651,343
Police Services	30,987,867
Public Works	11,522,823
Office of Technology	979,886
Traffic & Parking	2,054,648
Capital Outlay	-
<b>Total Expenses</b>	<b>\$ 377,605,274</b>

<b>Excess (deficiency) of revenue over Expenses</b>	<b>\$ (7,169,105)</b>
---	-----------------------

<b>Operating Transfers In</b>	<b>\$ 7,200,000</b>
-------------------------------	---------------------

<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ 30,895</b>
---	------------------

**General Fund (continued):**

On October 19, 2004, the Office of the Controller established FY2005 expenditure controls for the City's general fund budget. At the time, expenditure projections for Medical Benefits, Worker's Compensation and certain departmental overtime accounts projected year end deficits. In addition, revenue projections for Education Cost Sharing and Property tax collections indicated shortfalls. And then on March 9, 2005, controls were further tightened essentially freezing expenditures (except those considered essential to operations).

As a result, the only significant over-expenditure was recorded in the Worker's Compensation account. The over-expenditure can be traced to a specific claim and that the overall administration and risk control initiatives by the City actually result in lesser workers compensation claims being made. Most of this over expenditure has been identified as a potential receivable by the Finance Department upon notification by the City's Corporation Counsel's intent to sue to recover the City's cost. This deficit and other minor departmental deficits have been mitigated by savings accrued in other departments through the implementation of a savings plan that had, in effect, frozen all non-personnel spending except for health and safety related spending.

The City experienced several revenue shortfalls. Overall, delinquent tax collections were less than expected. Due to the City's continued success in current tax collections, delinquent tax collections suffered a significant shortfall. Other revenue areas that experienced shortfalls were State Grants for Education and Telecommunications tax and new revenue line items including Fire insurance recoveries. However, the City did better than expected in Traffic and Parking receipts, Parking Ticket collections, Building Inspections and interest income earned on short term investments

The annual debt service obligation for the general fund in FY 05 was reduced by \$12,977,796. The reduction was attributed to funds from the Education Trust Fund including those funds derived from the sale of the Woodward School to the State of Connecticut. The Education Trust Fund, originally established in 1996, has been spent entirely for school construction.

### **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 potential liability for current litigation is conservatively reported. In most cases, lawsuit settlements are for less than the amount originally reserved as potential liability. The City's self-insurance account including potential liability of future lawsuit settlements creates a negative fund balance of \$12,575,022. This represents an increase \$4,898,682 from the previous FY04 deficit of \$7,676,340. The City had appropriated \$1,765,194 for this account FY05, down from FY04 appropriation of \$2,500,000.

#### **Medical Self -Insurance:**

The Medical Self -Insurance account experienced a surplus of \$141,488 evening the fund's balance to zero, after last year's (FY04) reported fund balance deficit of \$141,488.

#### **Worker's Compensation:**

The Worker's Compensation account shows a deficit of \$1,629,826. Most of this deficit belongs to one claim, which the City's Office of the Corporation Counsel has initiated subrogation to recoup these costs for the City. FY05 expenses for this claim were \$612,403.

### **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 as well as the 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 City's bonds outstanding, as of June 30, 2005 totaled \$535,144,622 compared to June 30, 2004 total of \$515,992,252. The City did retire \$38,945,413 in principal for FY 2005.

In FY 03, the City implemented certain spending controls in its administration and expenses for Capital Projects called the Capital Funds Borrowing Plan. The Capital Funds Borrowing Plan (CFBP) immediately initiated a review of all outstanding capital appropriations for their importance and priority. The plan also defines the life of 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 resulted in the closing out of various capital accounts when projects were completed and funds remained unspent and unobligated. This review completed the reconciling of expenditures and revenue in all previously authorized capital authorizations.

During FY 2005, the City exceeded its self imposed limitation on Capital appropriations. The CFBP intended on limiting the City's new debt appropriations to \$15 million annually, however, the City's approval of additional projects throughout the year exceeded this parameter.



**Pension Funds:**

The City of New Haven is the administrator of two single employer public retirement systems established by the City to provide pension benefits for its employees. The Public Employee Retirement Systems are considered part of the City of New Haven's financial reporting entity and are included in the City's financial statements as pension trust funds. The City provides benefits through a single employer, contributory, defined-benefit plan in which practically all full time employees of the general fund, including non-certified Board of Education employees are eligible under the City Employees Retirement Fund (CERF) while all policemen and firefighters are eligible in the Policemen and Firemen Retirement Fund (P&F). CERF was established in 1938. The Policemen and Firemen's fund was created in 1958 as a replacement for separate police and fire pension funds. The former Policemen's Relief Fund and the Firemen's Relief Fund were merged into the combined fund in 1990. Retirements benefits for certified teachers are provided by the Connecticut State Teacher's Retirement System. The City does not directly contribute to this plan.

Since the approval of the FY 95 budget, the City has contributed 100% of the actuarial recommendations to its two employee retirement funds. The City Employees Retirement Fund's (CERF) market value of plan assets has grown from \$84,075,100 (as of 6-30-92) to \$185,808,659 (as of June 30, 2005). The Police & Fire Retirement Fund (P&F) market value of plan assets has grown from \$115,987,200 (as of 6-30-92) to \$259,905,595 (as of June 30, 2005).

The Annual Pension Cost for the CERF is \$7,451,805 as compared to City contribution made of \$7,407,549 (see chart below). The Annual Pension Cost for the Policemen and Firemen pension fund is \$11,339,452 as compared to the City contribution of \$11,028,000 (see chart below).

The following is based on the most recent actuarial reports as of June 30, 2004.

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

The funded ratio, which is defined to be the percentage that is obtained when the plan assets are divided by the total accrued liability of the plan, is listed below. Both funds experienced declines in their funded ratio.

**Funded Ratio**

<u>Fiscal Year</u>	<u>CERF</u>	<u>P &amp; F</u>
1994	69.3%	59.0%
1995	69.5%	55.0%
1996	72.6%	58.0%
1997	77.4%	63.0%
1998	85.6%	79.0%
1999	85.3%	81.5%
2000	81.2%	82.2%
2001	78.9%	66.7%
2002	70.1%	74.7%
2003	66.7%	70.0%
2004	63.3%	65.5%

In addition, the annual funding percentage (the City's contribution share as a percentage of employee payrolls) has increased for CERF, 13.07% n June 30, 2003 to 15.18% in June 30, 2004 and P&F, 17.30% in June 30, 2003 to 20.25% in June 30, 2004.

The following schedules illustrate the City's contribution to both CERF and P&F. The City has budgeted and contributed the actuarial recommended contribution rates as illustrated

**Schedule of City's Contributions**

**P & F**

<b>Year Ending</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>	<b>Actual Contribution</b>
1997	\$ 9,574,000	100%	\$ 9,574,000
1998	\$ 10,477,000	100%	\$ 10,477,000
1999	\$ 10,600,000	100%	\$ 10,600,000
2000	\$ 8,433,000	100%	\$ 8,470,180
2001	\$ 8,629,112	100%	\$ 8,629,112
2002	\$ 8,814,347	100%	\$ 8,814,347
2003	\$ 8,970,280	100%	\$ 8,970,280
2004	\$ 10,404,000	100%	\$ 10,404,000
2005	\$ 11,028,000	100%	\$ 11,028,000

**CERF**

<b>Year Ending</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>	<b>Actual Contribution</b>
1997	\$ 4,453,000	105%	\$ 4,670,621
1998	\$ 4,893,000	100%	\$ 4,893,000
1999	\$ 4,942,000	100%	\$ 4,942,000
2000	\$ 3,938,000	104%	\$ 4,105,976
2001	\$ 4,646,751	100%	\$ 4,646,751
2002	\$ 5,484,073	100%	\$ 5,484,073
2003	\$ 6,071,288	100%	\$ 6,071,288
2004	\$ 7,408,604	100%	\$ 7,408,604
2005	\$ 7,407,549	100%	\$ 7,407,549

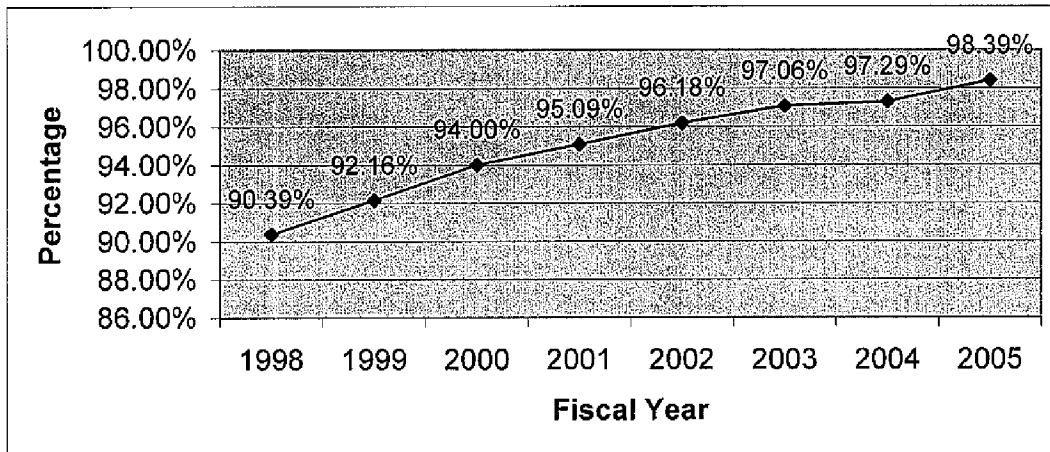
**Tax Collections**

The City's tax collection rate for FY 05 has increased to 98.39% compared to last year's rate of 97.29%. This marks the highest collection rate in over twenty years and continues the trend of annual increases to nine consecutive years.

The table and graph below illustrates the City's improvement in current tax collections:

**Current Tax Collections  
For the last 8 years  
At June 30th**

Fiscal Year	Adjusted Tax Receivable	Collected during FY	Collection as % of Levy
1998	\$ 135,028,037.00	\$ 122,046,164.00	90.39%
1999	\$ 127,196,880.00	\$ 117,228,085.00	92.16%
2000	\$ 127,622,084.00	\$ 119,969,598.00	94.00%
2001	\$ 127,776,724.00	\$ 121,498,389.00	95.09%
2002	\$ 129,216,697.00	\$ 124,285,757.00	96.18%
2003	\$ 142,151,239.00	\$ 137,971,882.00	97.06%
2004	\$ 149,550,639.00	\$ 145,503,999.00	97.29%
2005	\$ 152,337,248.00	\$ 149,886,899.00	98.39%



In November 1999 the City contracted with a collection agency to pursue the collection of delinquent real estate taxes. As of June 30, 2005 the City can cumulatively attribute to this arrangement over \$46,596,809 of past due current and delinquent real estate taxes collected. In FY 2005, the City pursued the administration of delinquent real estate taxes in house rather than to continue its contractual arrangement with its collection agency as the real estate delinquent tax portfolio has been cleared up considerably.

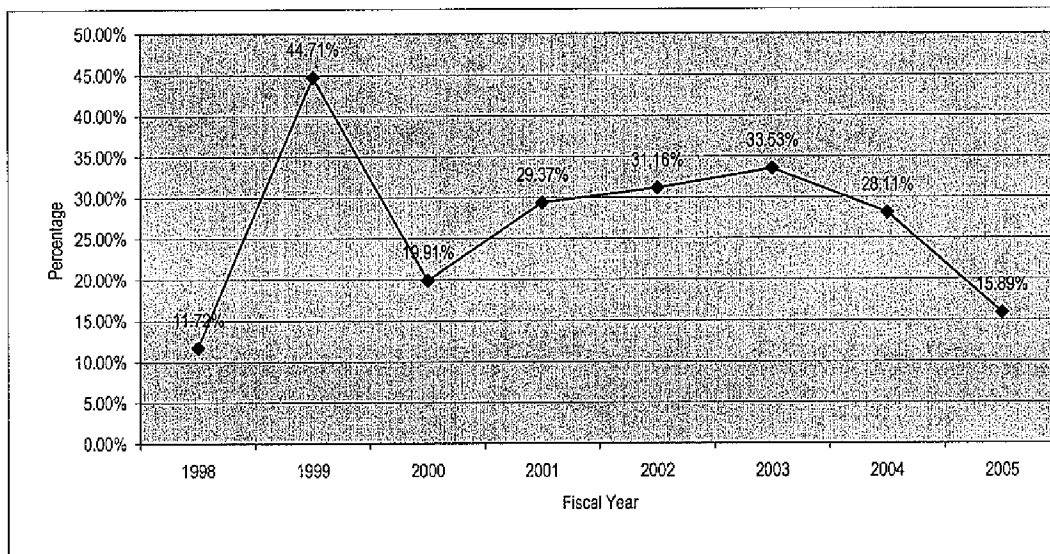
The City still contracts with various vendors and attorneys for the collection of delinquent motor vehicle and personal property taxes. In addition, the delinquent motor vehicle tax program includes the towing of vehicles to enforce the collection of taxes.

With the City's continued success in the collection of taxes, the chart below clearly depicts the lessening of the delinquent tax receivable. However, the delinquent taxes that remain have proven to be the hardest to collect.

The tables and graph below illustrate the above point as the City collected a lower amount of delinquent taxes as compared to previous years:

**Delinquent Tax Collections  
For the last 8 years  
At June 30th**

Fiscal Year	Adjusted Delinquent Receivable	Delinquent Taxes Collected during FY	Collection as % of delinquent
1998	\$ 38,120,151.00	\$ 4,466,025.00	11.72%
1999	\$ 22,618,598.00	\$ 10,112,472.00	44.71%
2000	\$ 20,061,150.00	\$ 3,993,719.00	19.91%
2001	\$ 20,486,646.00	\$ 6,016,512.00	29.37%
2002	\$ 17,621,598.00	\$ 5,490,112.00	31.16%
2003	\$ 14,182,387.00	\$ 4,755,009.00	33.53%
2004	\$ 10,547,783.00	\$ 2,965,135.00	28.11%
2005	\$ 5,717,284.00	\$ 908,614.00	15.89%



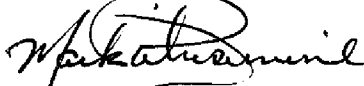
**Mill Rate:**

The City's mill rate was increased in FY 05 to \$39.53 per thousand marking the fourth year of a mill rate increase. The mill rate history is as follows:

<u>Fiscal Year</u>	<u>Mill Rate</u>
93-94	61.14
94-95	61.14
95-96	61.14
96-97	61.14
97-98	37.04
98-99	35.04
99-00	34.95
00-01	34.95
01-02	34.95
02-03	36.78
03-04	38.53
04-05	39.53

**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 Jorge Perez, Finance Committee Chairman Philip Voigt (posthumously), Finance Committee Deputy Chair Andrea Jackson-Brooks and the Board of Aldermen for their interest and support in the conducting of the financial operations of this City in a responsible and progressive manner.



Mark Pietrosimone  
Controller

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CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS  
JUNE 30, 2005

ASSETS	PRIMARY GOVERNMENT		
	Governmental Activities	Business- Type Activities	Total
Cash and Cash Equivalents	\$ 92,434,256	10,647,116	103,081,372
Investments	7,894,964		7,894,964
Receivables (Net of Allowance For Uncollectibles)	89,261,559	3,131,924	92,393,483
Inventories	198,002		198,002
Prepaid Expenses	3,280,956	37,765	3,318,721
Deferred Charges			-
Other	2,581,540	352,636	2,934,176
Restricted Assets:			
Temporarily Restricted:			
Cash and Cash Equivalents			-
Capital Assets (Net of Accumulated Depreciation):			
Land	44,023,972	1,047,641	45,071,613
Building and System, Including Improvements	464,347,835	19,360,350	483,708,185
Improvements Other Than Buildings	2,188,676	1,356,392	3,545,068
Vehicles, Machinery and Equipment	10,547,288	19,691,265	30,238,553
Infrastructure	90,157,191	48,929,646	139,086,837
Construction In Progress	271,293,257	36,042,917	307,336,174
<b>Total Assets</b>	<b>\$ 1,078,209,496</b>	<b>140,597,652</b>	<b>1,218,807,148</b>

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

**EXHIBIT A**  
**Page 1 of 2**

<b>COMPONENT UNITS</b>	
<b>Parking Authority</b>	<b>Coliseum Authority</b>
7,798,428	104,798
897,121	
268,975	23,235
675,918	
8,405,853	
106,000	
28,283,573	
1,187,388	
2,019,423	
<u>49,642,679</u>	<u>128,033</u>



CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS  
JUNE 30, 2005

LIABILITIES	PRIMARY GOVERNMENT		
	Governmental Activities	Business- Type Activities	Total
Accounts Payable And Accrued Liabilities	\$ 111,947,972	2,552,266	114,500,238
Accrued Interest Payable	4,045,607		4,045,607
Internal Balances	2,082,770	(2,289,965)	(207,195)
Deferred Revenue	4,576,742		4,576,742
Unearned Revenue	93,799		93,799
Other Liabilities	23,627,594		23,627,594
Non-current Liabilities:			
Due Within One Year	63,740,187	2,832,524	66,572,711
Due In More Than One Year	497,573,898	44,113,034	541,686,932
<b>Total Liabilities</b>	<b>\$ 707,688,569</b>	<b>47,207,859</b>	<b>754,896,428</b>
<b>NET ASSETS</b>			
Invested In Capital Assets, Net of Related Debt	\$ 392,890,484	79,659,170	472,549,654
Restricted For:			
Special Revenues	14,003,529		14,003,529
Permanent Funds	2,801,892		2,801,892
Other			
Unrestricted	(39,174,978)	13,730,623	(25,444,355)
<b>Total Net Assets</b>	<b>\$ 370,520,927</b>	<b>93,389,793</b>	<b>463,910,720</b>

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

EXHIBIT A  
Page 2 of 2

<u>COMPONENT UNITS</u>	
<u>Parking Authority</u>	<u>Coliseum Authority</u>
337,550	332,767
105,151	
207,195	
637,591	
1,938,025	268,439
<u>23,431,729</u>	
<u>26,657,241</u>	<u>601,206</u>
7,454,801	
7,853,763	
<u>7,676,874</u>	<u>(473,173)</u>
<u>22,985,438</u>	<u>(473,173)</u>

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 33,331,449	31,728,899	20,344,067	72,110,067
Education	241,022,920	4,556,219	197,350,808	
Public Safety	58,787,561	6,227,951		
Public Works	24,064,622	160,079		
Public Services	40,469,049	5,063,403		
Employee Benefits and Insurance	68,942,717			
Culture and Recreation	8,619,934	179,878		
Other	35,889,536			
Interest On Long-Term Debt	23,593,036			
<b>Total Governmental Activities</b>	<b>\$ 534,720,824</b>	<b>47,916,429</b>	<b>217,694,875</b>	<b>72,110,067</b>
Business-Type Activities:				
WPCA	\$ 16,938,947	15,785,197		3,181,484
Other	1,047,428	1,414,046		
<b>Total Business-Type Activities</b>	<b>\$ 17,986,375</b>	<b>17,199,243</b>	<b>-</b>	<b>3,181,484</b>
<b>Total Primary Government</b>	<b>\$ 552,707,199</b>	<b>65,115,672</b>	<b>217,694,875</b>	<b>75,291,551</b>
<b>Component Units:</b>				
Parking Authority	\$ 13,344,139	15,546,164		
Coliseum Authority	344,971		639,336	
<b>Total Component Units</b>	<b>\$ 13,689,110</b>	<b>15,546,164</b>	<b>639,336</b>	<b>-</b>

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

Change In Net Assets

Net Assets-Beginning

Net Assets-Ending

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

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Primary Government		Component Units	
	Business-Type Activities	Total	Parking Authority	Coliseum Authority
90,851,584		90,851,584		
(39,115,893)		(39,115,893)		
(52,559,610)		(52,559,610)		
(23,904,543)		(23,904,543)		
(35,405,646)		(35,405,646)		
(68,942,717)		(68,942,717)		
(8,440,056)		(8,440,056)		
(35,889,536)		(35,889,536)		
(23,593,036)		(23,593,036)		
<u>(196,999,453)</u>	<u>-</u>	<u>(196,999,453)</u>	<u>-</u>	<u>-</u>
	2,027,734	2,027,734		
	366,618	366,618		
<u>-</u>	<u>2,394,352</u>	<u>2,394,352</u>	<u>-</u>	<u>-</u>
<u>(196,999,453)</u>	<u>2,394,352</u>	<u>(194,605,101)</u>	<u>-</u>	<u>-</u>
		-	2,202,025	
		-		294,365
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,202,025</u>	<u>294,365</u>
151,508,587		151,508,587		
51,603,825		51,603,825		
6,000,000		6,000,000		
2,075,304	189,515	2,264,819	291,789	
7,310,000	(7,310,000)	-		
<u>218,497,716</u>	<u>(7,120,485)</u>	<u>211,377,231</u>	<u>291,789</u>	<u>-</u>
21,498,263	(4,726,133)	16,772,130	2,493,814	294,365
<u>349,022,664</u>	<u>98,115,926</u>	<u>447,138,590</u>	<u>20,491,624</u>	<u>(767,538)</u>
<u>370,520,927</u>	<u>93,389,793</u>	<u>463,910,720</u>	<u>22,985,438</u>	<u>(473,173)</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005**

<b>ASSETS</b>	<u>General</u>	<u>Community Development</u>	<u>Education Grants</u>
Cash and Cash Equivalents	\$ 26,008,499	11,101,982	4,449,846
Investments	1,927,518	2,139,511	
Receivables (Net of Allowance For Uncollectibles)	6,038,747	57,074	1,315,877
Receivables From Other Governments	73,277,158	2,085,058	3,726,887
Due From Other Funds	22,880,420	359,948	561,822
Inventories			198,002
Prepaid Expenses			1,912
Other Assets	<u>2,581,540</u>		
<b>Total Assets</b>	<b>\$ <u>132,713,882</u></b>	<b><u>15,743,573</u></b>	<b><u>10,254,346</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 18,432,286	2,105,272	2,749,597
Accrued Liabilities	7,010,732		763,777
Retainage Payable		181,420	
Due To Other Funds	5,271,730	290,546	4,517,663
Deferred Revenue	72,639,704	3,552,715	579,768
Unearned Revenue	73,596		
Temporary Loans And Notes Payable			
Other Liabilities	<u>16,306,438</u>	<u>1,048,930</u>	<u>500</u>
<b>Total Liabilities</b>	<b>\$ <u>119,734,486</u></b>	<b><u>7,178,883</u></b>	<b><u>8,611,305</u></b>

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

**EXHIBIT C**  
**Page 1 of 2**

<b>Capital Project Funds</b>	<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
41,112,809	22,090	6,159,722 3,827,935	88,854,948 7,894,964
143,397		237,608	7,792,703
1,758,317		376,103	81,223,523
175,926	276,923	770,417	25,025,456
			198,002
			1,912
			2,581,540
<b>43,190,449</b>	<b>299,013</b>	<b>11,371,785</b>	<b>213,573,048</b>
15,983,574		557,905	39,828,634
22,547	461	430,823	8,228,340
		175,218	356,638
9,845,328	298,552	2,035,376	22,259,195
		444,259	77,216,446
		20,203	93,799
53,955,000			53,955,000
1,560,317		1,110,311	20,026,496
<b>81,366,766</b>	<b>299,013</b>	<b>4,774,095</b>	<b>221,964,548</b>

**CITY OF NEW HAVEN, CONNECTICUT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005**

	<u>General</u>	<u>Community Development</u>	<u>Education Grants</u>
<b>Fund Balances:</b>			
Reserved for:			
Encumbrances	\$	8,564,690	
Unreserved, Reported in:			
General Fund	12,979,396		
Special Revenue Funds			1,643,041
Capital Projects Funds			
Permanent Funds			
<b>Total Fund Balances</b>	<b>\$ 12,979,396</b>	<b>8,564,690</b>	<b>1,643,041</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 132,713,882</b>	<b>15,743,573</b>	<b>10,254,346</b>

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

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

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

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

Internal service funds are used by management to charge the costs of liability and medical insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

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

**Net Assets of Governmental Activities**

**EXHIBIT C**  
**Page 2 of 2**

<u>Capital Project Funds</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
95,999,523		9,006,681	113,570,894
			12,979,396
(134,175,840)		(5,210,883)	(3,567,842)
		2,801,892	(134,175,840)
			2,801,892
<u>(38,176,317)</u>	<u>-</u>	<u>6,597,690</u>	<u>(8,391,500)</u>
<u>43,190,449</u>	<u>299,013</u>	<u>11,371,785</u>	
			882,558,219
			(4,045,607)
			75,918,748
			(14,204,848)
			(561,314,085)
			<u>\$ 370,520,927</u>



CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>General</u>	<u>Community Development</u>	<u>Education Grants</u>
<b>Revenues:</b>			
Property Taxes	\$ 154,152,809		
Licenses and Permits	8,736,457		
Intergovernmental	195,217,738	16,144,571	65,674,041
Charges for Services		2,179,269	922,052
Fines	3,735,640		
Investment Earnings	1,597,216	316,811	6
Payment in Lieu of Taxes	3,021,734		
Other	10,217,841	1,245,181	3,610,104
<b>Total Revenues</b>	<b>\$ 376,679,435</b>	<b>19,885,832</b>	<b>70,206,203</b>
<b>Expenditures:</b>			
Current:			
General Government	21,771,687		
Public Safety	57,323,054		
Public Works	15,684,406		
Public Services	6,980,100	20,251,410	
Culture and Recreation	8,016,916		
Employee Benefits and Insurance	66,606,908		
Education	162,878,021		71,605,597
Other Expenditures			
Debt Service:			
Principal	28,899,255	345,000	
Interest	15,688,193	381,590	
Capital Outlay:			
Other Capital Assets			13,500
<b>Total Expenditures</b>	<b>\$ 383,848,540</b>	<b>20,978,000</b>	<b>71,619,097</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>\$ (7,169,105)</b>	<b>(1,092,168)</b>	<b>(1,412,894)</b>

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

<u>Capital Project Funds</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
			154,152,809
			8,736,457
72,110,067		12,889,563	362,035,980
			3,101,321
			3,735,640
	99,446	61,825	2,075,304
			3,021,734
<u>70,432</u>	<u>6,272,969</u>	<u>4,771,470</u>	<u>26,187,997</u>
<u>72,180,499</u>	<u>6,372,415</u>	<u>17,722,858</u>	<u>563,047,242</u>
		3,861,715	25,633,402
			57,323,054
		631,988	16,316,394
		13,237,539	40,469,049
			8,016,916
			66,606,908
			234,483,618
35,800,381		89,155	35,889,536
30,890,000	7,590,846		67,725,101
	5,406,950		21,476,733
<u>98,937,672</u>			<u>98,951,172</u>
<u>165,628,053</u>	<u>12,997,796</u>	<u>17,820,397</u>	<u>672,891,883</u>
<u>(93,447,554)</u>	<u>(6,625,381)</u>	<u>(97,539)</u>	<u>(109,844,641)</u>

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

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	<u>General</u>	<u>Community Development</u>	<u>Education Grants</u>
<b>Other Financing Sources (Uses):</b>			
Capital Related Debt Issued	\$		
Transfer In	<u>7,200,000</u>		
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 7,200,000</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	\$ 30,895	(1,092,168)	(1,412,894)
<b>Fund Balances - Beginning</b>	<u>12,948,501</u>	<u>9,656,858</u>	<u>3,055,935</u>
<b>Fund Balances - Ending</b>	<u>\$ 12,979,396</u>	<u>8,564,690</u>	<u>1,643,041</u>

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

<u>Capital Project Funds</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
80,011,678			80,011,678
110,000			7,310,000
<u>80,121,678</u>	<u>-</u>	<u>-</u>	<u>87,321,678</u>
(13,325,876)	(6,625,381)	(97,539)	(22,522,963)
<u>(24,850,441)</u>	<u>6,625,381</u>	<u>6,695,229</u>	<u>14,131,463</u>
<u>(38,176,317)</u>	<u>-</u>	<u>6,597,690</u>	<u>(8,391,500)</u>

## CITY OF NEW HAVEN, CONNECTICUT

**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, 2005**

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Amounts reported for governmental activities in the statement of activities (Page 24) are different because:

Net change in fund balances - total governmental funds (Page 32)	\$ (22,522,963)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	81,911,716
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(14,138,155)
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.	(12,242,322)
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.	(6,140,416)
Internal service funds are used by management to charge the costs of liability and medical insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>(5,369,597)</u>
Change in net assets of governmental activities (Page 24)	<u>\$ 21,498,263</u>

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

## CITY OF NEW HAVEN, CONNECTICUT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 159,319,073	157,447,838	154,152,809	(3,295,029)
Education Grants	139,497,951	136,797,292	136,927,434	130,142
Other Governmental Grants	51,339,492	52,199,509	52,047,038	(152,471)
Licenses Permits and Other	7,822,925	7,919,000	8,736,457	817,457
Investment Income	900,000	900,000	1,597,216	697,216
Received From Fines	2,517,400	3,324,500	3,735,640	411,140
Payments in Lieu of Taxes (PILOT)	4,017,738	3,278,053	3,021,734	(256,319)
Other Taxes & Assessments	3,560,889	3,362,986	3,911,478	548,492
Miscellaneous	2,227,000	7,601,576	6,306,363	(1,295,213)
<b>Total Revenues</b>	<b>\$ 371,202,468</b>	<b>372,830,754</b>	<b>370,436,169</b>	<b>(2,394,585)</b>
<b>Expenditures:</b>				
Current:				
General Government	\$ 24,786,360	23,772,089	21,771,687	2,000,402
Public Safety	57,178,146	57,733,683	57,323,054	410,629
Public Works	15,658,660	15,838,308	15,684,406	153,902
Public Service	7,306,000	7,137,359	6,980,100	157,259
Cultural & Recreation	8,022,389	8,098,402	8,016,916	81,486
Employee Benefits	63,538,773	66,038,773	66,606,908	(568,135)
Education	157,321,565	156,821,565	156,634,755	186,810
Debt Service	44,587,448	44,587,448	44,587,448	-
Capital Outlay				-
<b>Total Expenditures</b>	<b>\$ 378,399,341</b>	<b>380,027,627</b>	<b>377,605,274</b>	<b>2,422,353</b>
<b>Excess of Expenses Over Revenue</b>	<b>\$ (7,196,873)</b>	<b>(7,196,873)</b>	<b>(7,169,105)</b>	<b>27,768</b>
<b>Other Financing Sources and Uses</b>	<b>\$ 7,196,873</b>	<b>7,196,873</b>	<b>7,200,000</b>	<b>3,127</b>
<b>Total Other Financing Sources and Uses</b>	<b>\$ 7,196,873</b>	<b>7,196,873</b>	<b>7,200,000</b>	<b>3,127</b>
<b>Net Changes in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>30,895</b>	<b>30,895</b>
<b>Fund Balance - Beginning</b>			<b>12,948,501</b>	
<b>Fund Balance - Ending</b>			<b>\$ 12,979,396</b>	

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

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005

ASSETS	Business-Type Activities - Enterprise Funds			Governmental
	Water	Other	Totals	Internal Service
	Pollution Control Authority	Enterprise Funds	Current Year	Funds
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 9,503,640	1,143,476	10,647,116	3,579,308
Accounts Receivable (Net Allowance For Uncollectibles)	2,579,765	449,710	3,029,475	245,333
Due From Other Funds	9,489,964		9,489,964	2,653,426
Other Receivables	102,449		102,449	
Prepaid Items	37,765		37,765	
<b>Total Current Assets</b>	<b>\$ 21,713,583</b>	<b>1,593,186</b>	<b>23,306,769</b>	<b>6,478,067</b>
<b>Noncurrent Assets:</b>				
Other Assets	\$ 352,636		352,636	
<b>Capital Assets:</b>				
Land	\$ 1,047,641		1,047,641	
Building and System Improvements Other Than Buildings	115,227,221	3,220,070	118,447,291	
Vehicles, Machinery and Equipment	4,077,917		4,077,917	
Construction In Progress	42,963,143		42,963,143	
Construction In Progress	36,042,917		36,042,917	
Less Accumulated Depreciation	(75,160,465)	(990,233)	(76,150,698)	
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>\$ 124,198,374</b>	<b>2,229,837</b>	<b>126,428,211</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>\$ 124,551,010</b>	<b>2,229,837</b>	<b>126,780,847</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 146,264,593</b>	<b>3,823,023</b>	<b>150,087,616</b>	<b>6,478,067</b>

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

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005

	Business-Type Activities - Enterprise Funds			Governmental
	Water Pollution Control Authority	Other Enterprise Funds	Totals Current Year	Internal Service Funds
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$ 2,421,412	130,853	2,552,265	1,078,378
Due To Other Funds	7,200,000		7,200,000	7,502,457
Compensated Absences	176,517		176,517	
General Obligation Bonds - Current	922,309		922,309	
Estimated Healthcare Claims				-
Other - Current			-	4,129,600
Claims and Judgments Payable			-	3,879,862
Notes and Loans Payable - Current	1,733,698		1,733,698	491,520
<b>Total Current Liabilities</b>	<b>\$ 12,453,936</b>	<b>130,853</b>	<b>12,584,789</b>	<b>17,081,817</b>
<b>Noncurrent Liabilities:</b>				
General Obligation Bonds Payable (Net of Unamortized Discounts)	\$ 25,470,350		25,470,350	
Claims and Judgments Payable			-	3,601,098
Notes and Loans Payable	18,642,684		18,642,684	
<b>Total Noncurrent Liabilities</b>	<b>\$ 44,113,034</b>	<b>-</b>	<b>44,113,034</b>	<b>3,601,098</b>
<b>Total Liabilities</b>	<b>\$ 56,566,970</b>	<b>130,853</b>	<b>56,697,823</b>	<b>20,682,915</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net Of Related Debt	\$ 77,429,333	2,229,837	79,659,170	
Unrestricted	12,268,290	1,462,333	13,730,623	(14,204,848)
<b>Total Net Assets</b>	<b>\$ 89,697,623</b>	<b>3,692,170</b>	<b>93,389,793</b>	<b>(14,204,848)</b>

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



## CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Pollution Control Authority	Other Enterprise Funds	Totals	Internal Service Funds
<b>Operating Revenues:</b>				
Charges For Sales and Services:				
Sewer Charges	\$ 13,296,896		13,296,896	
Other Services	1,683,377	1,414,046	3,097,423	65,246,212
Miscellaneous	804,924		804,924	
<b>Total Operating Revenues</b>	<b>\$ 15,785,197</b>	<b>1,414,046</b>	<b>17,199,243</b>	<b>65,246,212</b>
<b>Operating Expenses:</b>				
Costs of Sales and Services	\$ 12,470,261	955,426	13,425,687	70,617,252
Bad Debts (Net of Recovery)	(408,251)		(408,251)	
Depreciation and Amortization	4,400,189	92,002	4,492,191	
<b>Total Operating Expenses</b>	<b>\$ 16,462,199</b>	<b>1,047,428</b>	<b>17,509,627</b>	<b>70,617,252</b>
<b>Operating Income</b>	<b>\$ (677,002)</b>	<b>366,618</b>	<b>(310,384)</b>	<b>(5,371,040)</b>
<b>Non-Operating Revenues (Expenses):</b>				
Investment Earnings	\$ 188,631	884	189,515	1,443
Interest Expense	(476,748)		(476,748)	
<b>Total Non-Operating Revenue (Expenses)</b>	<b>\$ (288,117)</b>	<b>884</b>	<b>(287,233)</b>	<b>1,443</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>\$ (965,119)</b>	<b>367,502</b>	<b>(597,617)</b>	<b>(5,369,597)</b>
Capital Contributions - Tap Fees	3,181,484		3,181,484	
Transfers In			-	
Transfers Out	(7,200,000)	(110,000)	(7,310,000)	
<b>Change In Net Assets</b>	<b>\$ (4,983,635)</b>	<b>257,502</b>	<b>(4,726,133)</b>	<b>(5,369,597)</b>
<b>Total Net Assets - Beginning</b>	<b>94,681,258</b>	<b>3,434,668</b>	<b>98,115,926</b>	<b>(8,835,251)</b>
<b>Total Net Assets - Ending</b>	<b>\$ 89,697,623</b>	<b>3,692,170</b>	<b>93,389,793</b>	<b>(14,204,848)</b>

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

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Pollution Control Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>Cash Flows From Operating Activities:</b>				
City's Contribution	\$		-	55,812,816
Cash Received From Users	15,253,645	1,448,965	16,702,610	7,910,095
Payments To Suppliers	(11,499,663)	(994,198)	(12,493,861)	
Payments To Employees	(1,227,055)		(1,227,055)	
Internal Activity-Payments From (To) Other Funds		(358,333)	(358,333)	(1,128,726)
Claims and Other Expenses Paid			-	(66,323,039)
Other Receipts			-	1,919,114
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ 2,526,927</b>	<b>96,434</b>	<b>2,623,361</b>	<b>(1,809,740)</b>
<b>Cash Flows From Capital And Related Financing Activities:</b>				
Purchases And Construction of Capital Assets	\$	(609,614)	(609,614)	
Proceeds Received on Capital Grants	294,072		294,072	
Proceeds Received on Bonds	414,939			
Principal Paid on Capital Debt	(3,166,960)		(3,166,960)	
Interest Paid on Capital Debt	(1,436,304)		(1,436,304)	
<b>Net Cash Used By Capital And Related Financing Activities</b>	<b>\$ (4,503,867)</b>	<b>-</b>	<b>(4,918,806)</b>	<b>-</b>
<b>Cash Flows From Investing Activities:</b>				
Interest And Dividends	\$	188,631	884	189,515
<b>Cash Flows From Investing Activities</b>	<b>\$ 188,631</b>	<b>884</b>	<b>189,515</b>	<b>1,443</b>
<b>Net Increase (Decrease) in Cash And Cash Equivalents</b>	<b>\$ (1,788,309)</b>	<b>97,318</b>	<b>(2,105,930)</b>	<b>(1,808,297)</b>
<b>Cash And Cash Equivalents - Beginning</b>	<b>11,291,949</b>	<b>1,046,158</b>	<b>12,338,107</b>	<b>5,387,605</b>
<b>Cash And Cash Equivalents - Ending</b>	<b>\$ 9,503,640</b>	<b>1,143,476</b>	<b>10,232,177</b>	<b>3,579,308</b>

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

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Pollution Control Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:</b>				
Operating Income or (Loss)	\$ (677,002)	366,618	(310,384)	(5,371,040)
<b>Adjustments to Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities:</b>				
Depreciation and Amortization Expense	\$ 4,400,189	92,002	4,492,191	
Transfer In (Out)		(110,000)	(110,000)	
Loss on Disposal of Fixed Assets	137,907		137,907	
Provision For Uncollectible Accounts	(408,251)		(408,251)	
<b>Change in Assets and Liabilities:</b>				
(Increase) Decrease In Accounts Receivable	(240,679)	34,919	(205,760)	395,813
(Increase) Decrease In Other Assets	117,378		117,378	(1,618,632)
(Increase) Decrease In Due From Other Funds			-	
Increase (Decrease) In Accounts Payable	(532,693)	(40,483)	(573,176)	1,540,757
Increase (Decrease) In Accrued Expenses	(255,438)	1,711	(253,727)	3,197,167
Increase (Decrease) In Accrued Estimated Healthcare Payments				(443,711)
Increase (Decrease) In Compensated Absences	(14,484)		(14,484)	
Increase (Decrease) In Due To Other Funds		(248,333)	(248,333)	489,906
Total Adjustments	\$ 3,203,929	(270,184)	2,933,745	3,561,300
<b>Net Cash Provided (Used) By Operating Activities</b>	\$ 2,526,927	96,434	2,623,361	(1,809,740)
<b>Non-Cash Investing, Capital and Financing Activities:</b>				
During the Fiscal Year the City's Capital Project Funds Received and Expensed Monies on Behalf of the WPCA as follows:				
Proceeds of Issuance of Long Term-Debt	\$ 8,666,420		8,666,420	
Transfer	(7,200,000)		(7,200,000)	
Capital Contributions	2,887,412		2,887,412	
Purchases of Property And Equipment And Payments For Bond Issuance Costs	(11,186,151)		(11,186,151)	
<b>Decrease in Due To Other Funds</b>	\$ (6,832,319)	-	(6,832,319)	-

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

## CITY OF NEW HAVEN, CONNECTICUT

**STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 AS OF JUNE 30, 2005**

	<b>Combined Employee Retirement Funds</b>
<b>ASSETS</b>	
Cash And Short-Term Investments	\$ 50,646,367
Interest and Dividends Receivable	1,382,703
Accounts Receivable	2,897,665
Investments, At Fair Value:	
Government Agency	7,206,976
Government Bonds	29,354,950
Municipal Bonds	3,381,991
Government Mortgages	37,946,626
Indexed Linked Government Bonds	379,690
Other Fixed Income (MFB/NTGI Gvt.)	6,571,343
Common Stock	240,346,584
Preferred Stock	116,190
Commercial Backed Mortgages	2,148,918
Venture Capital Partnerships	15,499,294
Corporate Bonds	38,202,776
Corporate Convertible Bonds	1,263,288
Asset Backed Securities	2,974,773
Other Fixed Income (MFB/NTGI Corp.)	2,804,811
Non-Government Backed Bonds	3,757,501
Total Investments	\$ <u>391,955,711</u>
<b>Total Assets</b>	<b>\$ <u>446,882,446</u></b>
<b>LIABILITIES</b>	
Accounts Payable	\$ 4,291,485
Accrued Liabilities	243,714
<b>Total Liabilities</b>	<b>\$ <u>4,535,199</u></b>
<b>NET ASSETS</b>	
Held In Trust For Pension Benefits	\$ <u><u>442,347,247</u></u>

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

## CITY OF NEW HAVEN, CONNECTICUT

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005**

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	<b>Combined Employee Retirement Funds</b>
	<hr/>
<b>Additions</b>	
Contributions:	
Employer Contributions	\$ 18,584,399
Plan Members	8,019,598
Plan Members Buybacks	116,495
Total Contributions	\$ <hr/> 26,720,492
Investment Earnings:	
Net Increase (Decrease) In Fair Value Of Investments	\$ 28,721,309
Interest	7,787,480
Dividends	3,154,107
Total Investment Income (Loss)	\$ <hr/> 39,662,896
Less: Investment Expenses:	
Investment Management Fees	1,936,005
Legal Fees	35,363
Interest Expense	70,441
Net Investment Earnings	\$ <hr/> 37,621,087
<b>Total Additions</b>	\$ <hr/> 64,341,579
<b>Deductions</b>	
Benefits	\$ <hr/> 45,689,094
<b>Total Deductions</b>	\$ <hr/> 45,689,094
<b>Net Increase (Decrease)</b>	\$ 18,652,485
<b>Net Assets - Beginning of Year</b>	423,694,762
<b>Net Assets - End of Year</b>	\$ <hr/> <hr/> 442,347,247

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

## **Notes to the Financial Statements**

# CITY OF NEW HAVEN, CONNECTICUT

## NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2005

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### Note 1 – Summary of Significant Accounting Policies

#### Reporting Entity

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

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

Generally accepted accounting principles require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statement No. 14 have been considered, as a result, the component units discussed below are included in the City's reporting entity because of their operational significance or financial relationship with the City.

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

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

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

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Reporting Entity** (Continued)

**Discretely Presented Component Units**

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

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

***New Haven Coliseum Authority*** – The New Haven Coliseum Authority (the Coliseum Authority) was established by the Board of Aldermen of the City of New Haven on June 15, 1966 to construct and operate a coliseum and parking facility. The powers of the Coliseum Authority are exercised by a commission of seven members consisting of the Mayor, a member of the Board of Aldermen, and five City residents who are nominated by the Mayor and appointed by the Board of Aldermen.

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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



**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Reporting Entity (Continued)**

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

**Government-wide financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separated *component units* described above.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are proprietary fund and fiduciary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Inter-fund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column.

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

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Reporting Entity (Continued)**

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

**Fund financial statements**

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

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

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

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

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005

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Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement, Focus, Basis of Accounting and Financial Statements (Continued)

Presentation (Continued)

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

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

The government reports the following major governmental funds:

The **General Fund** is the general operating fund of the City government. All unrestricted resources, except those required to be accounted for in another fund, are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt and capital improvement costs of the City, which were not paid through a special fund.

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005

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Note 1 – Summary of Significant Accounting Policies (Continued)

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

Presentation (Continued)

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

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

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

The government reports the following major proprietary funds:

The **Water Pollution Control Authority** accounts for the operations of the City's wastewater treatment plant. It is independent in terms of its relationship to other City functions. Its operations are financed from special assessments and direct charges to the users of the service.

Description of Funds

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The various fund types are grouped as follows in the financial statements:

**Governmental Funds**

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

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

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005

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Note 1 – Summary of Significant Accounting Policies (Continued)

Description of Funds (Continued)

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

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

**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 Water Pollution Control Authority (the WPCA) the commercial and intergovernmental transactions associated with its Golf Course, Transfer Station, the Skating Rink, and the East Rock Communication Tower.

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

**Fiduciary Funds**

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

CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005

---

**Note 1 – Summary of Significant Accounting Policies** (Continued)

**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.

**Assets, Liabilities and Net Assets or Equity**

***Cash and Cash Equivalents*** – For purposes of the Statement of Cash Flows, cash equivalents are money market accounts, highly liquid investments that are readily convertible to cash and certificates of deposit with original maturities of three months or less.

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

***Property Taxes*** – Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments 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.

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

***Loans and Other Receivables***- Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts. Loans are recorded net of an allowance for uncollectible amounts.

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Assets, Liabilities and Net Assets or Equity (Continued)**

**Inventories** – Inventory of the cafeteria fund consists of supplies and food for consumption and is stated at the lower of cost or market with cost based on (a) actual cost for purchased food and (b) stated value approximating fair value assigned by the federal government for food donated by the federal government, using the first-in, first-out basis. Inventories are recorded as expenditures when purchased. Donated items are valued at market value and recorded as revenue when received and as expenditures when used. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

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

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

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

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Description</u>	<u>Capitalization Dollar Thresholds</u>	<u>Estimated Lives (Years)</u>
Computers	\$ 5,000	5
Machinery, Equipment, Furniture, Fixtures and Other Related Assets	10,000	5-20
Motor Vehicles	5,000	8
Land Improvements	50,000	20
Buildings and Other Structures	50,000	50
Infrastructure	250,000	10-50

# CITY OF NEW HAVEN, CONNECTICUT

## NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2005

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### Note 1 – Summary of Significant Accounting Policies (Continued)

#### Measurement Focus/Basis of Accounting (Continued)

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

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

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

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

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

**Restricted Assets and Liabilities** – At June 30, 2005, the Parking Authority had \$29,971,210 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.

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



CITY OF NEW HAVEN, CONNECTICUT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005

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Note 1 – Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

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

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

The City has the following types of transactions among funds:

1. *Reciprocal Inter-fund Loans*: Amounts provided by one fund to another with a requirement for repayment.
2. *Reciprocal Inter-fund Services Provided and Used*: Purchased and sales of goods and services between funds for a price approximating their external exchange value.
3. *Nonreciprocal Inter-fund Transfers*: Flows of assets between funds without equivalent flows of assets in return and without a requirement for repayment. This includes payments in lieu of taxes that are not payments for, and are not reasonably equivalent in value to, services provided.
4. *Nonreciprocal Inter-fund Reimbursements*: Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

The City's inter-fund receivables and payables at June 30, 2005 are presented in Note 7.

**Net Assets** - The government-wide and business-type fund financial statements utilize a net asset presentation. Net assets are categorized as investment in fixed assets (net of related debt), restricted and unrestricted.

**Investment In Capital Assets (net of related debt)** – is intended to reflect the portion of net assets which are associated with non-liquid capital assets less outstanding capital asset related debt.

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Measurement Focus/Basis of Accounting (Continued)**

**Restricted Net Assets-** represent liquid assets (generated from revenues and not bond proceeds) which have third party (statutory, bond covenant or granting agency) limitations on their use. The City's policy is generated to use restricted net assets first, as appropriate opportunities arise.

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

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

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

**A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets.**

The governmental fund balance sheet includes reconciliation between *Fund Balance – Total Governmental Funds* and *Net Assets – Governmental Activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$( ) difference are as follows:

Bonds Payable	\$ (489,667,735)
Less: Deferred Charges	
Accrued Interest Payable	(5,620,000)
Compensated Absences	(22,235,887)
Other Liabilities	<u>(13,305,851)</u>
Net Adjustments to Reduce <i>Fund Balance - Total Governmental Funds</i> to Arrive at <i>Net Assets of Government Activities</i> .	<u>\$ (561,314,085)</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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

**B. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

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 \$81,911,716 difference are as follows:

Capital Outlay	\$ 98,951,172
Depreciation Expense	<u>(17,039,456)</u>
Net adjustment to increase <i>Net Changes in Fund Balances - Total Governmental Funds</i> to Arrive At <i>Changes In Net Assets of Governmental Activities</i>	<u>\$ 81,911,716</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 of \$(12,242,322) are as follows:

Debt Issued or Incurred:	
Issuance of Bonds	\$ (80,011,678)
Principal Repayments:	
Debt	67,725,101
Capital Lease Payments	<u>44,255</u>
Net adjustment to decrease in <i>Net Changes in Fund Balances - Total Governmental Funds</i> to arrive at <i>Changes in Net Assets of Governmental Activities</i>	<u>\$ (12,242,322)</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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

**B. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)**

Another element of that reconciliation states that "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 \$(6,140,416) are as follows:

Debt Issuance Costs	\$ 406,768
Amortization of Debt Issuance Costs	(213,646)
Net Increase in Compensated Absences	(2,031,426)
Net Increase in Accrued Workers Compensation	(1,980,101)
Net Increase in Unfunded Pension Obligation	(355,708)
Net Decrease in Other	150,000
Net Increase in Accrued Interest	<u>(2,116,303)</u>

Net Adjustment to Decrease *Net Change In Fund Balances*  
*Total Governmental Funds* to Arrive at *Changes In Net Assets*  
*Of Governmental Activities* \$ (6,140,416)

**Note 3 – Stewardship, Compliance and Accountability**

**Budgetary Information**

**General Fund**

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.

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 3 - Stewardship, Compliance and Accountability (Continued)**

**Budgetary Information (Continued)**

**General Fund (Continued)**

- c. The Board of Aldermen can approve additional appropriations on the recommendation of the Mayor. However, the Board of Aldermen shall not reduce any item proposed by the Mayor for the payment of interest or principal of the municipal debt.
- d. The total amount of the annual appropriations for any year shall not exceed the estimated income for that year.
- e. Formal budgetary integration is employed as a management control device during the year.
- f. Except for the use of encumbrance accounting and the classification of certain revenues and expenditures, budgets are adopted on a modified accrual basis of accounting.
- g. Budgeted amounts reported in the financial statements have been revised to include Board of Aldermen revisions that were approved during the 2004–2005 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. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded as a reservation of fund balance, in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all Governmental Fund Types. For GAAP purposes, encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.
- j. The major difference between the budgetary and GAAP basis of accounting is:  
  
Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order was issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year whereas they are shown as a reservation of fund balance on a GAAP basis of accounting.

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 3 –Stewardship, Compliance and Accountability (Continued)**

**Budgetary Information (Continued)**

**General Fund (Continued)**

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

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

	<u>Revenues</u>	<u>Expenditures and Encumbrance s</u>	<u>Fund Balance</u>
<b>Balance, Budgetary Basis</b>	\$ 377,633,042	377,605,274	12,976,269
Encumbrances			
June 30, 2004	-	-	-
June 30, 2005	-	-	-
State Teachers' Retirement and On-behalf Payment, not Recognized for Budgetary Purposes	<u>6,243,266</u>	<u>6,243,266</u>	<u>                    </u>
<b>Balance, GAAP Basis</b>	<u>\$ 383,876,308</u>	<u>383,848,540</u>	<u>12,976,269</u>

**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 are nonlapsing and 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. Capital appropriations do not lapse until completion of the applicable projects.

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 4 - Deposits and Investments**

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

	<u>Deposits</u>	<u>Investments</u>	<u>Total Primary Government</u>
<b>Cash and Cash Equivalents:</b>			
Governmental Funds:			
General Fund	\$ 22,158,479	3,850,020	26,008,499
Community Development	10,323,593	778,389	11,101,982
Education Grants	4,449,846		4,449,846
Capital Project Funds	41,112,809		41,112,809
Debt Service	22,090		22,090
Other	5,639,328	520,394	6,159,722
Total Governmental Funds	<u>\$ 83,706,145</u>	<u>5,148,803</u>	<u>88,854,948</u>
Business-Type Activities	\$ 10,647,116		10,647,116
Internal Service Funds	\$ 3,515,697	63,611	3,579,308
Fiduciary Funds	\$	50,646,367	50,646,367
Total Cash and Cash Equivalents	<u>\$ 97,868,958</u>	<u>55,858,781</u>	<u>153,727,739</u>
<b>Investments:</b>			
Governmental Funds:			
General Fund	\$	1,927,518	1,927,518
Community Development		2,139,511	2,139,511
Education Grants			
Capital Project Funds			
Debt Service			
Other		3,827,935	3,827,935
Total Governmental Funds	\$	<u>7,894,964</u>	<u>7,894,964</u>
Business-Type Activities	\$		
Fiduciary Funds	\$	391,955,711	391,955,711
Total Investments	\$	<u>399,850,675</u>	<u>399,850,675</u>
<b>Total Deposits and     Investments</b>	<u>\$ 87,221,842</u>	<u>455,709,456</u>	<u>542,931,298</u>

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

	<u>Deposits</u>
Cash and Cash Equivalents:	
New Haven Parking Authority	\$ 7,798,428
New Haven Coliseum Authority	104,798
<b>Total Deposits</b>	<u>\$ 7,903,226</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 4 - Deposits and Investments (Continued)**

**Deposits**

The following is a summary of the carrying amount of unrestricted cash and cash equivalents at June 30, 2005:

	<u>Total City</u>	<u>Business Type</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Bank Deposit Accounts	\$ 35,326,150	10,647,116	45,973,266	7,903,226
Money Market Funds	52,230,999		52,230,999	
Short-Term Investment Fund	4,877,107		4,877,107	
Pension Cash and Short-Term Investment Fund	<u>50,646,367</u>		<u>50,646,367</u>	
Total Cash and Cash Equivalents	<u>\$ 143,080,623</u>	<u>10,647,116</u>	<u>153,727,739</u>	<u>7,903,226</u>

**Custodial Credit Risk**

As of June 30, 2005, the carrying amount of the Primary Government's deposits, net of the WPCA, was \$143,080,623 with bank balances of \$149,355,654. The amount of the bank balances covered under federal depository insurance was \$1,005,134. The remaining \$148,350,520 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, 2005, \$4,408,585 of uninsured deposits were collateralized under the provision.

The WPCA's separately audited financial statements did not include disclosure relating to FDIC limits, therefore separate disclosure is not possible.

It is unclear whether the collateral required for public deposits would stand if challenged by the FDIC since there is no perfected security agreement between the depository and the depositor as required by Federal laws.

The level of the City's deposits varies significantly throughout the year as a result of higher cash flows during certain periods of the year. As a result, uninsured, uncollateralized amounts at those times were significantly higher than at year-end.

The bank balances of the component units' cash accounts at June 30, 2005 were \$9,905,360. The New Haven Coliseum Authority's bank balances totaled \$107,030, of which \$100,000 was insured by either Federal Deposit Insurance Corporation (FDIC) coverage or public deposit protection under the Connecticut General Statutes. The New Haven Parking Authority's bank balances totaled \$9,798,330, of which \$440,346 was covered by FDIC protection and the remaining \$9,357,984 is uninsured and uncollateralized in institutions considered qualified public depositories under chapter 665a of the Connecticut General Statutes.



**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 4 - Deposits and Investments (Continued)**

**Investments**

As of June 30, 2005 the City held the following investments:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More than 10
Asset Backed Securities	\$ 2,974,728		518,130	408,651	2,047,947
Certificates of Deposit	262,376	262,376			
Commercial Mortgage Backed	2,148,917		562,465		1,586,452
Common Stock	241,582,810	241,582,810			
Corporate Bonds	39,864,580	761,211	15,197,163	11,507,942	12,398,264
Corporate Stock	2,655,663	2,655,663			
Government Agencies	7,712,054	1,855,174	4,599,153	153,061	1,104,666
Government Bonds	69,835,571	4,018,547	17,008,780	6,067,675	42,784,569
Municipal/Provincial Bonds	3,381,991	300,000	1,572,502	25,295	1,484,194
Mutual Funds	682,847	682,847			
Non-Government Backed Securities	3,757,500			201,250	3,556,250
Other Fixed	9,376,154	9,277,045	99,109		
Preferred Stock	116,190	116,190			
Venture Capital & Partnerships	15,499,294	15,499,294			
<b>Total</b>	<b>\$ 399,850,675</b>	<b>277,011,157</b>	<b>39,557,302</b>	<b>18,363,874</b>	<b>64,918,342</b>

**Interest Rate Risk**

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

**Credit Risk**

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

The City's Employees' Retirement Fund requires a minimum quality rating of any fixed income issue held in an investment grade portfolio to be BB as rated by Moody's or an equivalent rating agency. The overall weighted average quality shall be AA or higher. As of June 30, 2005 the fund's fixed income investments ratings range from BB- to AAA by S&P and Ba3 to Aaa by Moody's.

# CITY OF NEW HAVEN, CONNECTICUT

## NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2005

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### Note 4 - Deposits and Investments (Continued)

#### **Credit Risk (Continued)**

The City's Police and Firemen's Pension Fund requires a minimum quality rating for fixed income investments of BB- as rated by the S&P 500 or Ba3 as rated by Moody's. As of June 30, 2005 this fund's fixed income investments ratings range from B- to AAA by S&P and Caa2 to Aaa by Moody's. The ratings of Caa2 to Aaa represents only .71% of the funds investments. The minimum quality rating for equity investments is that the investment should have (a) at least five years of publicly held earnings history and be profitable (from continuing operations) in at least three of the last five years.

The City's Library Fund requires risk for equity funds investments not to exceed that of the S&P 500, and risk for fixed income investments not to exceed that of the Shearson Lehman Government Corporate Bond Index. As of June 30, 2005 this fund has government agency funds rated AAA by S&P.

#### **Concentration of Credit Risk**

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

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

The Library Fund shall be balanced between equities and fixed income with approximately 60-70% in equities and 30-40% in bonds. As of June 30, 2005 the Library Fund had 30% of the total fund invested in bonds and 70% invested in equities.

#### **Foreign Currency Risk**

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

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

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

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 4 - Deposits and Investments (Continued)**

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

<b>Fund</b>	<b>Investment</b>	<b>Currency</b>	<b>Maturity</b>	<b>Fair Value</b>
Employees Retirement	Anderson ESPL LTD	Canadian Dollar	3/15/11	\$ 108,309
	HQI Transelec Chile S A SR	Chilean Peso	4/15/11	80,760
	Various	Israeli Shekel	1/31/08-4/1/11	3,469,919
	ING GAP FDG TR III GTD TR			
	PFD Secs	Luxembourg	12/29/49	153,792
				\$ 3,812,780
Police and Firemen's Retirement	PVTPL Pecom Energia SA	Argentine Peso	7/15/10	\$ 211,905
	Brazil Federative Rep T	Brazilian Real	1/20/34	347,190
	Various	Canadian Dollar	10/4/05-4/1/28	4,639,856
	Various	Cayman Island Dollar	1/24/10-1/17/34	594,742
	Empresa Nacional De Electricidad Chile	Chilean Peso	2/1/27	221,246
	Colombia (Rep of)	Columbian Peso	3/1/10	29,772
	Various	Israeli Shekel	1/31/08-4/1/11	5,469,889
	Barclays Financiai	Luxembourg	2/22/10	294,140
	Various	Mexican Peso	12/20/12-9/27/34	956,382
	INTL Bank Recon & Dv	Multi-National	11/3/08	207,451
	Various	Netherlands	10/1/10-6/15/30	405,364
	Norway (Kingdom of)	Norwegian Crone	1/15/07-5/15/09	647,639
	Various	Swiss Franc	8/15/07-5/5/08	435,396
	Barclays 144A W/O	Thai Baht	3/10/22	268,778
	Uruguay Rep PIK BD	Uruguay	1/15/33	32,327
	Various	Venezuelan Bolivar	4/1/17-12/1/20	229,875
Library Fund	Schlumberger Ltd.	Netherlands Antilles	N/A	\$ 18,985
	Teva Pharmaceutical Inds Ltd	Israeli Shekel	N/A	12,456
				\$ 31,441
<b>Total</b>				<b>\$ 18,836,173</b>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 5 - Receivables and Payables**

Receivables at June 30, 2005 were as follows:

	General	Community Development	Education Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
Property Taxes	\$ 17,293,441					17,293,441
Other	10,274,330	2,345,813	1,315,877	143,397	237,608	14,317,025
Intergovernmental	73,277,158	2,085,058	3,726,887	1,758,317	376,103	81,223,523
Gross Receivables	100,844,929	4,430,871	5,042,764	1,901,714	613,711	112,833,989
Allowance For Doubtful Accounts	14,332,151	2,288,739				16,620,890
Total Receivables, Net	\$ 86,512,778	2,142,132	5,042,764	1,901,714	613,711	96,213,099

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

	Unavailable	Unearned	Total
<b>General Fund:</b>			
Current Property Taxes	\$ 2,450,349		2,450,349
Delinquent Property Taxes	999,962		999,962
Intergovernmental Grant Receivable	69,189,393		69,189,393
Other		73,596	73,596
<b>Other Major Funds:</b>			
Intergovernmental Grants Received in Advance:			
Community Development		3,552,715	3,552,715
Education Grants		579,768	579,768
<b>Nonmajor Governmental Funds:</b>			
Intergovernmental Grants Received in Advance		444,259	444,259
Other		20,203	20,203
	\$ 72,639,704	4,670,541	77,310,245

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 5 - Receivables and Payables (Continued)**

Payables at June 30, 2005 were as follows:

	<u>Vendors</u>
General Fund	\$ 18,432,286
Community Development	2,105,272
Education Grants	2,749,597
Capital Projects	15,983,574
Other Governmental Funds	557,905
Total Payables	<u>\$ 39,828,634</u>

**Note 6 - Loans Receivable**

Loans receivable are loans dispersed from Community Development Block Grant (CDBG) grant proceeds and Economic Development Committee proceeds.

These loans consist of direct loans, which bear interest at rates ranging from 0.0 percent to 10.0 percent with maturities through June, 2023.

Loans receivable, which are included in loans and accounts receivable in the accompanying combined balance sheet, consist of the following at June 30, 2005:

Community Development:	
Whitney Grove	\$ 6,335,845
Long Wharf	5,226,649
Center Court	1,273,271
Science Park	596,226
9th Square	8,285,699
Brewery Square	1,200,000
Other Direct Community Development Loans	12,275,828
	<u>\$ 35,193,518</u>
Allowance For Collection Losses	<u>(35,193,518)</u>
	<u>\$ -</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 7 - Internal Balances and Transfers**

**Internal Balances Receivables and Payables**

As of June 30, 2005, internal amounts receivable from and payable to other funds were as follows:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>	<u>NET Internal Balance Receivable (Payable)</u>
Primary Government:			
General Fund (Includes Agency Funds) \$	22,880,420	5,271,730	17,608,690
Internal Service Funds	\$ 2,653,426	7,502,457	(4,849,031)
Special Revenue Funds:			
Major:			
Community Development	\$ 359,948	290,546	
Education Grants	561,822	4,517,663	
Other:			
Improvement		66,435	
Human Resources	696,413	1,804,177	
Redevelopment			
Other	74,004	164,102	
Total Special Revenue Funds	\$ 1,692,187	6,842,923	(5,150,736)
Debt Service	\$ 276,923	298,552	(21,629)
Other Expendable Trust Funds	\$	662	(662)
Capital Project Funds	\$ 175,926	9,845,328	(9,669,402)
<b>Sub-Total</b>	<b>\$ 20,478,882</b>	<b>29,761,652</b>	<b>(2,082,770)</b>
Enterprise Funds	\$ 9,489,965	7,200,000	2,289,965
<b>Total Primary Government</b>	<b>\$ 29,968,847</b>	<b>29,761,652</b>	<b>207,195</b>
Component Units:			
Parking Authority General Fund	\$ -	(207,195)	(207,195)
<b>Total Component Units</b>	<b>\$ -</b>	<b>(207,195)</b>	<b>(207,195)</b>

**Transfers**

As of June 30, 2005, amounts transferred between funds were as follows:

<u>Transfer To</u>	<u>Transfer From</u>	
	<u>Enterprise Fund</u>	<u>Total</u>
Capital Project Funds	\$ 110,000	110,000
General Fund	7,200,000	7,200,000
<b>Total</b>	<b>\$ 7,310,000</b>	<b>7,310,000</b>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 8 - Capital Assets**

Capital asset activity for the year ended June 30, 2005 is as follows:

	<u>Beginning Balance</u>	<u>Increases/ Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 44,023,972			44,023,972
Construction In Progress	309,829,414	72,859,253	111,395,410	271,293,257
Total Capital Assets, Not Being Depreciated	<u>\$ 353,853,386</u>	<u>72,859,253</u>	<u>111,395,410</u>	<u>315,317,229</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 468,183,982	135,107,304		603,291,286
Land Improvement	13,695,335			13,695,335
Vehicles	34,221,722	1,778,021	444,000	35,555,743
Machinery, Equipment, Furniture, Fixtures and Other Related Assets	14,063,299	633,401	31,397	14,665,303
Infrastructure	188,025,738			188,025,738
Total Capital Assets Being Depreciated	<u>\$ 718,190,076</u>	<u>137,518,726</u>	<u>475,397</u>	<u>855,233,405</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 132,063,205	6,880,246		138,943,451
Land Improvements	9,673,661	1,832,998		11,506,659
Vehicles	28,390,473	1,895,894	444,000	29,842,367
Machinery, Equipment, Furniture, Fixtures and Other Related Assets	8,869,964	961,427		9,831,391
Infrastructure	92,399,656	5,468,891		97,868,547
Total Accumulated Depreciation	<u>\$ 271,396,959</u>	<u>17,039,456</u>	<u>444,000</u>	<u>287,992,415</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 446,793,117</u>	<u>120,479,270</u>	<u>31,397</u>	<u>567,240,990</u>
<b>Governmental Activities - Capital Activities, Net</b>	<u>\$ 800,646,503</u>	<u>193,338,523</u>	<u>111,426,807</u>	<u>882,558,219</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 8 - Capital Assets (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,047,641			1,047,641
Construction In Progress	24,908,432	11,572,501	(438,016)	36,042,917
Total Capital Assets, Not Being Depreciated	<u>\$ 25,956,073</u>	<u>11,572,501</u>	<u>(438,016)</u>	<u>37,090,558</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 49,214,881	153,067		49,367,948
Land Improvements	4,077,917			4,077,917
Equipment	42,478,883	405,483	(295,515)	42,588,851
Vehicles	374,292			374,292
Infrastructure	67,989,882	1,089,461		69,079,343
Total Capital Assets Being Depreciated	<u>\$ 164,135,855</u>	<u>1,648,011</u>	<u>(295,515)</u>	<u>165,488,351</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 28,652,428	1,355,171		30,007,598
Land Improvements	2,584,470	137,055		2,721,525
Equipment	21,472,205	1,582,989	(157,608)	22,897,586
Vehicles	374,292			374,292
Infrastructure	18,757,771	1,391,925		20,149,697
Total Accumulated Depreciation	<u>\$ 71,841,166</u>	<u>4,467,140</u>	<u>(157,608)</u>	<u>76,150,698</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 92,294,689</u>	<u>(2,819,129)</u>	<u>(137,907)</u>	<u>89,337,653</u>
<b>Business-Type Activities Capital Assets -- Net</b>	<u><b>\$ 118,250,762</b></u>	<u><b>8,753,372</b></u>	<u><b>(575,923)</b></u>	<u><b>126,428,211</b></u>

The above capital assets include the Water Pollution Control Authority and the City of New Haven's Transfer Station. The WPCA capitalized \$1,089,461 of interest as part of the cost of various capital projects.

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

Governmental Activities:	
Education	\$ 6,539,302
General Government	684,401
Public Safety	1,464,507
Public Works	7,748,228
Culture and Recreation	603,018
<b>Total Depreciation Expense -- Governmental Activities</b>	<u><b>\$ 17,039,456</b></u>



**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 8 - Capital Assets (Continued)**

Business-Type Activities:

Depreciation and Amortization:

Water Pollution Control Authority	\$ 4,375,138
Transfer Station	<u>92,002</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 4,467,140</u>

**Component Units:**

Capital Asset activity for the year ended June 30, 2005 for the New Haven Parking Authority as identified in Note 1 is as follows (see Note 19 – Discontinued Operations):

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 106,000				106,000
Construction In Progress	<u>681,740</u>	<u>(613,734)</u>	<u>1,951,417</u>		<u>2,019,423</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 787,740</u>	<u>(613,734)</u>	<u>1,951,417</u>		<u>2,125,423</u>
Capital Assets Being Depreciated:					
Buildings & Improvements	\$ 66,023,573	613,734	1,485,782	300,000	67,823,089
Equipment And Motor Vehicles	<u>3,343,366</u>		<u>949,053</u>	<u>6,899</u>	<u>4,285,520</u>
Total Capital Assets Being Depreciated	<u>\$ 69,366,939</u>	<u>613,734</u>	<u>2,434,835</u>	<u>306,899</u>	<u>72,108,609</u>
Less: Accumulated Depreciation For:					
Buildings & Improvements	\$ 37,260,309		2,489,207-	210,000	39,539,516
Equipment and Motor Vehicles	<u>2,760,342</u>		<u>344,689</u>	<u>6,899</u>	<u>3,098,132</u>
Total Accumulated Depreciation	<u>\$ 40,020,651</u>		<u>2,833,896</u>	<u>216,899</u>	<u>42,637,648</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 29,346,288</u>	<u>613,734</u>	<u>(399,061)</u>	<u>90,000</u>	<u>29,470,961</u>
Capital Assets, Net	<u>\$ 30,134,028</u>		<u>1,552,356</u>	<u>90,000</u>	<u>31,596,384</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 8 - Capital Assets (Continued)**

**Construction Commitments:**

The City has the following major active construction projects as of June 30, 2005:

<u>Capital Project</u>	<u>Cumulative Authorization</u>	<u>Cumulative Expenditures</u>	<u>Remaining Construction Commitment Balance June 30, 2005</u>	<u>Expected Date of Completion</u>
Barnard School	\$ 34,000,000.00	8,045,165.47	25,954,834.53	8/01/06
Beecher School	30,216,606.00	4,128,387.48	26,088,218.52	12/31/06
Bishop Woods	2,820,000.00	131,289.39	2,688,710.61	08/01/09
Columbus School	28,800,000.00	1,034,299.01	27,765,700.99	08/01/09
Jepson	37,000,000.00	4,881,431.30	32,118,568.70	08/01/04
Metro Business	36,000,000.00	117,929.72	35,882,070.28	08/01/09
Pardee Greenhouse	2,675,000.00	355,567.07	2,319,432.93	12/01/06
Prince/Welch/J. Daniels	38,373,031.00	21,211,533.45	17,161,497.55	08/01/06
Roberto Clemente	37,840,492.00	149,181.56	37,691,310.44	08/01/09
Sheridan	23,793,602.00	769,682.88	23,023,919.12	08/01/08
Troup	36,570,369.00	2,660,227.36	33,910,141.64	08/01/07
Worthington Hooker (Renovations)	7,976,391.00	944,294.58	7,032,096.42	08/01/06
Worthington Hooker (New)	20,400,000.00	3,671,661.54	16,728,338.46	08/01/07
Hill Branch Library	3,623,735.00	1,061,292.43	2,562,442.57	12/01/06
Truman Storage Tank	17,823,515.00	15,117,792.54	2,705,722.46	05/01/06
Elm Haven	1,884,565.00	90,355.80	1,794,209.20	05/01/06
Orange St./Bishop/Middletown	22,297,362.00	22,015,985.91	281,376.09	12/01/05
	<u>\$ 382,094,668.00</u>	<u>86,386,077.49</u>	<u>295,708,590.51</u>	

**Note 9 - Temporary Notes Payable**

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

	<u>Balance June 30, 2004</u>	<u>Issuances</u>	<u>Payments</u>	<u>Balance June 30, 2005</u>
BANs	\$ -	35,000,000	35,000,000	-
GANs	54,730,000	84,116,000	84,891,000	53,955,000
	<u>\$ 54,730,000</u>	<u>119,116,000</u>	<u>119,891,000</u>	<u>53,955,000</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 10 –Long Term Liabilities**

**Changes In Long Term Liabilities**

A summary of changes in Long-Term Liabilities during the year ended June 30, 2005 is as follows:

	<u>Balance June 30, 2004</u>	<u>Issued/ Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2005</u>	<u>Within One Year</u>
<b>Government Activities:</b>					
Long Term Debt:					
Bonds Payable	\$ 477,036,158	80,011,678	67,380,101	489,667,735	38,025,083
Notes Payable	5,965,000		345,000	5,620,000	410,000
Capital Leases	44,255		44,255		
<b>Other Long-Term Liabilities</b>					
Compensated Absences	20,204,461	20,021,469	17,990,043	22,235,887	18,027,538
Accrued Workers' Compensation	28,504,511	8,844,157	6,864,056	30,484,612	6,555,356
Unfunded Pension Obligation	10,700,143	909,512	553,804	11,055,851	572,210
Landfill Closure And Post Closure	2,400,000		150,000	2,250,000	150,000
Total Governmental Debt	<u>\$ 544,854,528</u>	<u>109,786,816</u>	<u>93,327,259</u>	<u>561,314,085</u>	<u>63,740,187</u>
<b>Business-Type Activities:</b>					
Long Term Debt:					
General Obligation Bonds	\$ 38,956,094	9,075,879	2,555,086	45,476,887	1,997,684
Notes Payable	1,733,910		595,316	1,138,594	647,245
<b>Other Long Term Liabilities:</b>					
Compensated Absences	191,001		14,484	176,517	176,517
Deferred Amount On Refunding	164,638		11,078	153,560	11,078
Total Business-Type Debt	<u>\$ 41,045,643</u>	<u>9,075,879</u>	<u>3,175,964</u>	<u>46,945,558</u>	<u>2,832,524</u>
Total Debt	<u>\$ 585,900,171</u>	<u>118,862,695</u>	<u>96,503,223</u>	<u>608,259,643</u>	<u>66,572,711</u>
<b>Component Unit Activities:</b>					
Long Term-Debt					
Revenue Bonds	\$ 25,850,193		1,602,446	24,247,747	1,760,000
Notes Payable	449,033		318,215	130,818	130,818
Capital Leases	950,674		243,299	707,375	315,646
Deferred Amount on Refunding	644,807		92,554	552,253	
Total Component Unit Debt	<u>\$ 27,894,707</u>		<u>2,256,514</u>	<u>25,638,193</u>	<u>2,206,464</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 10 – Long-Term Liabilities (Continued)**

**A. General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business type activities. During the year, general obligation bonds totaling \$80,890,000 were issued.

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

<u>Purpose/Expiration</u>	<u>Interest Rate</u>	<u>Governmental Activity</u>	<u>Business Type Activity</u>
General Purpose Bonds			
Varying Expiration Dates Ranging From November 2002 to November 2025	3.25%-9.50%	\$ 161,495,042	
School Bonds			
Varying Expiration Dates Ranging From November 2002 to November 2025	.34%-9.50%	300,527,604	
Urban Renewal Bonds			
Varying Expiration Dates Ranging From November 2002 to November 2025	3.25%-9.50%	15,477,575	
Sewer Bonds			
Varying Expiration Dates Ranging From November 2002 to November 2022	3.25%-9.50%	12,167,514	45,476,887
		\$ 489,667,735	45,476,887
Less Current Portion		38,025,083	1,730,102
		<u>\$ 451,642,652</u>	<u>43,746,785</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 10 -Long-Term Liabilities (Continued)**

**A. General Obligation Bonds (Continued)**

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 39,755,185	23,129,425
2007	39,034,951	21,489,189
2008	38,506,423	19,783,597
2009	38,339,668	18,071,641
2010	35,394,756	16,472,567
2010 Through 2015	151,000,203	61,604,912
2015 Through 2020	131,592,794	27,872,354
2020 Through 2025	53,993,510	4,327,830
	<u>\$ 527,617,490</u>	<u>192,751,515</u>
Clean Water Interim Funding	7,527,132	
	<u>\$ 535,144,622</u>	<u>192,751,515</u>

The State of Connecticut reimburses the City for eligible principal and interest costs the of the capital improvement bond issues used for school reconstruction. The amount of such reimbursements for the year ended June 30, 2005 was approximately \$8,406,982. The City expects to receive \$69,189,393 in principal payments and \$26,515,162 in interest payments over the next 18 years.

Qualified Zone Academy Bonds (QZAB) were issued pursuant to Section 1397E of the Internal Revenue Code. As such, a tax credit will be offered to the security provider and the City receives a reduction in interest payments. The QZAB's are general obligation bonds and require that annual payments be made to an escrow account where the City is guaranteed a fixed interest rate. On the termination date, these payments, together with the interest earnings, will be used to satisfy the Bonds on the respected termination date. These bonds are included in general obligation bonds and the related debt service requirements. The City is guaranteed to earn \$2,388,742 in interest over the next eleven years to be used to relinquish the principal portion of the debt during the current year, the escrow account earned \$81,915.

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 10 -Long-Term Liabilities (Continued)**

**A. General Obligation Bonds (Continued)**

**Advance and Current Refunding**

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

As of June 30, 2005, \$153,390,000 of the City's general obligation debt was considered defeased.

**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, 2005, there were six series of limited obligation industrial bonds outstanding, with an aggregate principal amount of \$18,967,489.

**B. Revenue Bonds**

The Parking Authority, a component unit of the City, also issues bonds where the pledged income is derived from parking revenue. Through the Parking Authority, the City has \$24,800,000 of outstanding revenue bond debt at June 30, 2005 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>
2006	\$ 1,760,000	1,226,612
2007	1,830,000	1,150,237
2008	1,920,000	1,061,062
2009	2,015,000	962,687
2010	2,110,000	859,562
2011 through 2015	12,300,000	2,486,623
2016	2,865,000	76,998
	<u>\$ 24,800,000</u>	<u>7,823,781</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 10 - Long-Term Liabilities (Continued)**

**C. Notes Payable**

**General Government**

In addition to general obligation bonds, the City is liable for notes payable pledged under general obligations through the HUD Section 108 Loan Program and \$40,000 of the Library purchase note.

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

	<u>Principal</u>	<u>Interest</u>
2006	\$ 410,000	353,361
2007	400,000	329,760
2008	430,000	304,147
2009	460,000	276,426
2010	490,000	246,384
2011 Through 2015	2,630,000	706,537
2016 Through 2017	800,000	57,251
	<u>\$ 5,620,000</u>	<u>2,273,866</u>

**Business-Type**

The City was also liable for Notes payable where the City pledges income derived from incinerator operations and sludge disposal fees. Notes Payable outstanding at year end were as follows:

<u>Purpose/Expiration</u>	<u>Interest Rate</u>	<u>Business Type Activities</u>
Reimbursement to New Haven Residuals, LP, Incinerator Operating Agreement payable in monthly installments, expires in December, 2006	8.25%	\$ 194,676
Contractual Obligation to New Haven Residuals, LP, payable through sludge disposal fees, expiring in July, 2007	8.25%	943,918
		<u>\$ 1,138,594</u>
Less: Current Portion		647,245
Net: Long – Term Notes Payable		<u>\$ 491,349</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 10 –Long-Term Liabilities (Continued)**

**C. Notes Payable**

**Business-Type (Continued)**

The Annual Debt Service requirements on the above debt is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 647,245	70,337
2007	491,349	22,233
	<u>\$ 1,138,594</u>	<u>92,570</u>

**Component Unit**

The New Haven Coliseum, a component unit of the City, was liable for a general obligation note payable to the New Haven Savings Bank in the amount of \$130,818. The original balance of \$750,000 was borrowed at a variable rate with interest payable at the bank's base rate plus 1.5%. The annual debt service requirement is \$22,902 per month through December 31, 2005.

**D. Capital Leases**

The City had entered into several lease agreements as lessee for the financing of the acquisition of automobiles. These equipment leases qualified as capital leases for accounting purposes and, therefore, had been recorded at the present value of their future minimum lease payments as of the inception. These leases were paid off during fiscal year ended June 30, 2005.

The following component units have also entered into lease agreements as the lessee.

The New Haven Coliseum Authority has remaining capital leases for the purchase of equipment and improvements to the facility. The interest rate varies on these leases from 5.14% to 17.30% per annum.

Also, the New Haven Parking Authority has entered into lease agreements as lessee to finance the electrical and lighting system improvements for the Crown Street Garage and a new revenue control system through separate lease agreements.

Those lease agreements were refinanced and consolidated during the year ended June 30, 2004. The new agreement provides for monthly principal payments plus interest of \$15,056 through June 2005, one payment, principal and interest of \$49,164 due in August 2005 which includes the payoff amount for the portion of the capital lease related to Chapel Square equipment, principal and interest payments of \$13,369 from September 2005 through May 2007 and principal payments plus interest of \$6,599 thereafter through December 2010. The interest rate is 4.187% per annum.



**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 10 – Long-Term Liabilities (Continued)**

**D. Capital Leases (Continued)**

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2005 were as follows:

Year Ending June 30,	General Government	Component Units	
		Parking Authority	New Haven Coliseum
2006	\$	197,910	137,621
2007		153,658	
2008		79,188	
2009		79,188	
2010		79,188	
2011 - 2013		32,995	
Total Minimum Lease Payments	\$	622,127	137,621
Less Amount Representing Interest		52,373	
Present Value of Minimum Lease Payment	\$	569,754	137,621

**Component Units:**

The net book value of property under capital leases for the New Haven Parking Authority was \$666,704 at June 30, 2005. Depreciation expense on leased assets was \$173,356 for the year ended June 30, 2005.

**Note 11 – Fund Deficits**

Certain individual funds had operating and/or fund balance deficits at June 30, 2005 as follows:

	Operating Deficit	Fund Balance Deficit
Major Governmental:		
Community Development	\$ 1,092,168	
Education Grants	1,412,894	
Capital Project Funds	13,325,876	38,176,317
Debt Service	6,625,381	
Non-Major Governmental:		
Other Special Revenue Funds	759,152	
Other Expendable Trust Funds		
Permanent Funds	50,728	92,336
Enterprise Funds:		
WPCA	4,983,635	
Golf Course	41,330	7,378
Internal Service Funds:		
Self-Insurance Reserve	4,898,682	12,575,022
Workers' Compensation	612,403	1,629,826

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

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 11 – Fund Deficits (Continued)**

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

**Note 12 – Employee Retirement Plans**

**Employee Pension Plans**

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

**City Employees' Retirement Fund**

**Plan Description and Contribution Information**

**Plan Membership**

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

	<u>June 30, 2004</u>
Retirees and Beneficiaries Receiving Benefits	1,038
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	13
Active Plan Members:	
Vested	510
Non-vested	<u>663</u>
Total	<u>2,224</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 12 – Employee Retirement Plans (Continued)**

**City Employees' Retirement Fund (Continued)**

Plan Description and Contribution Information (Continued)

Plan Description

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

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

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, 2004 did not include any material changes in funding method or assumptions. The latest actuarial valuation as of June 30, 2004 reflects no material changes in plan provisions or coverage.

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 12 – Employee Retirement Plans (Continued)**

**City Employees' Retirement Fund (Continued)**

**Plan Description and Contribution Information (Continued)**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
6/30/99	\$ 169,241,200	198,364,900	29,123,700	85.3%	47,344,000	61.5%
6/30/00	172,329,500	212,318,200	39,988,700	81.2%	50,196,000	79.7%
6/30/01	175,856,400	222,936,200	47,079,800	78.9%	53,380,000	88.2%
6/30/02	185,045,000	263,899,000	78,854,000	70.1%	46,396,000	170.0%
6/30/03	182,477,100	273,731,700	91,284,600	66.7%	46,445,000	196.5%
6/30/04	182,582,100	288,616,500	106,034,400	63.3%	48,792,000	217.3%

**Actuarial Assumptions and Methods**

Reporting Date-End of Fiscal Year	6/30/2005
Latest Actuarial Valuation Date	6/30/2004
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
<b>Actuarial Assumptions:</b>	
Investment Rate of Return*	8.50%
Projected Salary Increases*	Age related scale with average of 4.70%
*Includes inflation at	3.00%
Cost of Living Adjustments	3.00%

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 12 – Employee Retirement Plans (Continued)**

**City Employees' Retirement Fund (Continued)**

**Plan Description and Contribution Information (Continued)**

**Turnover Assumption**

The following are sample annual rates of turnover:

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

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

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

**Disability Assumption**

The following are sample annual rates of disability:

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

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

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 12 – Employee Retirement Plans (Continued)**

**City Employees' Retirement Fund (Continued)**

**Plan Description and Contribution Information (Continued)**

Schedule of Employer Contributions

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Actual Contribution</u>
2000	3,938,000	104%	4,105,976
2001	4,646,751	100%	4,646,751
2002	5,484,073	100%	5,484,073
2003	6,071,288	100%	6,071,288
2004	7,408,604	100%	7,408,604
2005	7,407,549	100%	7,407,549

The calculation of the change in the net pension obligation for the year ended June 30, 2005 follows:

Actuarially Required

1. Contribution (ARC)	\$	7,407,549
2. Interest on NPO		118,793
3. Adjustment To (ARC)		<u>(74,537)</u>
4. Annual Pension Cost (APC)	\$	7,451,805
5. Contribution Made		<u>7,407,549</u>
6. Increase In NPO	\$	44,256
7. NPO Beginning of Year		<u>1,397,567</u>
8. NPO End of Year	\$	<u><u>1,441,823</u></u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 12 -Employee Retirement Plans** (Continued)

**City Employees' Retirement Fund** (Continued)

**Plan Description and Contribution Information** (Continued)

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Actual Contribution</u>
6/30/03	6,117,810	99.2%	1,354,669	6,071,288
6/30/04	7,451,502	99.4%	1,397,567	7,408,604
6/30/05	7,451,805	99.4%	1,441,823	7,407,549

**Policemen and Firemen Retirement Fund**

**Plan Description and Contribution Information**

**Plan Membership**

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

	<u>June 30, 2004</u>
Retirees and Beneficiaries Receiving Benefits	1,051
Terminated Plan Members Entitled To But Not Yet Received Benefits	1
Active Plan Members	759
Total	<u>1,811</u>

## CITY OF NEW HAVEN, CONNECTICUT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2005

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#### Note 12 – Employee Retirement Plans (Continued)

##### Policemen and Firemen Retirement Fund (Continued)

##### Plan Description and Contribution Information (Continued)

##### Plan Description

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

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

##### Contributions

Members contribute 8.75% of all City earnings. (Effective November 8, 2004 police contribute 9.25% of all City earnings. Beginning July 1, 2006 Police will contribute 9.75% of all City earnings.) In addition, policemen contribute 3.800% of extra duty earnings and firemen contribute 4.375% of extra duty earnings. Effective July 1, 2006 police will contribute 4.8% of extra duty earnings. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees.



**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 12 – Employee Retirement Plans (Continued)**

**Policemen and Firemen Retirement Fund (Continued)**

Plan Description and Contribution Information (Continued)

Plan Changes

The latest actuarial valuation dated June 30, 2004 reflects no material changes in funding methods or actuarial assumptions.

The latest actuarial valuation dated June 30, 2004 reflects the following plan changes:

1. The increase in Police contributions from 8.75% to 9.75%, beginning July 1, 2006.
2. Average total annual earnings for the 4 Police (was 5) highest plan years of earnings or budgeted annual salary at time of retirement, whichever is greater.
3. For Police (effective July 1, 2004): In consideration for those employees who at the time of retirement have a four (4) year average that is not more than the employee's base salary, said employee's total annual earnings shall be the equivalent of the annual salary of an employee's holding the next higher rank to that held by the retiring employee prior to retirement. This provision shall automatically sunset (no longer exist) at 11:59 p.m. on July 15, 2007. For purposes of calculating the four (4) year average, only plainclothes differential pay, overtime and extra duty pay will be added to the regular pay.
4. Benefit maximum of 83% for Police retiring with at least 30 years of actual service, if cash in 30 sick days from the sick leave payout maximum at retirement (was 80%) of final average pay.
5. Policemen and Firemen may exchange up to 150 (was 120) days of sick leave for pension credit (30 days equals one year of pension service).

The estimated impact of the above changes is an increase to the annual cost of 0.28% of payroll and decrease in funded ratio of 0.2%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	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)
6/30/99	265,942,000	326,451,900	60,509,900	81.5%	41,036,000	147.5%
6/30/00	275,854,900	335,715,900	59,861,000	82.2%	46,658,000	128.3%
6/30/01	257,574,400	385,924,500	128,350,100	66.7%	47,842,000	268.3%
6/30/02	277,960,500	372,179,000	94,218,500	74.7%	48,897,000	192.7%
6/30/03	272,056,400	388,896,100	116,839,700	70.0%	51,856,000	225.3%
6/30/04	266,358,100	406,432,500	140,074,400	65.5%	51,385,000	272.6%

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 12 – Employee Retirement Plans (Continued)**

**Policemen and Firemen Retirement Fund (Continued)**

**Plan Description and Contribution Information (Continued)**

**Schedule of Employer Contributions**

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Actual Contribution
2000	8,433,000	100	8,470,180
2001	8,629,112	100	8,629,112
2002	8,814,347	100	8,814,347
2003	8,970,280	100	8,970,280
2004	10,404,000	100	10,404,000
2005	11,028,000	100	11,028,000

**Actuarially Required**

1. Contribution (ARC)	\$ 11,028,000
2. Interest on NPO	790,719
3. Adjustment To (ARC)	(479,267)
4. Annual Pension Cost (APC)	\$ 11,339,452
5. Contribution Made	11,028,000
6. Increase In NPO	\$ 311,452
7. NPO Beginning of Year	9,302,576
8. NPO End of Year	\$ <u>9,614,028</u>

**Actuarial Assumptions And Methods:**

Reporting Date-End of Fiscal Year	6/30/2005
Latest Actuarial Valuation Date	6/30/2004
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
<b>Actuarial Assumptions:</b>	
Investment rate of return*	8.50%
Projected Salary Increases*	Age Related Scale With Average of 5.00%
*Includes inflation at	3.00%
Cost of Living Adjustments	1.50%

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 12 – Employee Retirement Plans (Continued)**

**Policemen and Firemen Retirement Fund (Continued)**

Turnover Assumption

The following are sample annual rates of turnover:

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

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

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

Disability Assumption

The following are sample annual rates of disability:

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

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

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Actual Contribution</u>
6/30/03	9,279,400	96.7%	9,001,214	8,970,280
6/30/04	10,705,362	97.2%	9,302,576	10,404,000
6/30/05	11,339,452	97.3%	9,614,028	11,028,000

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 12 – Employee Retirement Plans (Continued)**

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

Contributions to the Custodians' and Engineers' Retirement Fund and Special Widows' Relief Fund are primarily based on the "pay as you go" method whereby the City contributes only those funds needed to pay current year benefit payments in excess of current year contributions made by City employees. Contributions are approved by the Board of Aldermen. This method is not an acceptable method of determining pension costs under accounting principles generally accepted in the United States Of America. Contributions made for the above funds for the year ended June 30, 2005 were \$148,850. The City does not contribute to the Teachers' Retirement Fund, a plan that was established to provide benefits to teachers hired prior to 1944, because investments, investment earnings and reimbursements from the State are sufficient to meet the benefit payments and other obligations.

**Teachers' Retirement Plan**

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

**Covered Employees**

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

**Vesting Requirements**

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

# CITY OF NEW HAVEN, CONNECTICUT

## NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2005

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### Note 12 – Employee Retirement Plans (Continued)

#### Teachers' Retirement Plan (Continued)

##### Pension Contribution Requirements/Amounts By State

The pension contributions made by the State to the plan are determined on an actuarial reserve basis as described in sections 10-183I and 10-183z C.G.S. For the fiscal year ended June 30, 2005, \$185,348,143 was expended to meet the State's funding requirements. The results of the State's actuarial valuation at June 30, 2005 did not contain information which would show the development of the State's actuarial cost by local school districts. The State's estimated total payroll was \$3,049,513,412. The State's appropriation represented 6.08%% of the total estimated payroll.

Participants are required to contribute 7.25% of their annual salary rate to the system as required by section 10-183b(7) C.G.S. For the 2004 - 2005 school year 7.25% mandatory contributions were deducted from the salaries of teachers who were participants of the plan during that school year. The estimated covered payroll for The City of New Haven is \$102,685,290.

For the year ended June 30, 2005 the following information is applicable to the City:

Total Number of Teachers Participating	<u>1,879</u>
Participant Contributions	<u>\$ 7,444,684</u>
On Behalf State Payments	<u>\$ 6,243,266</u>

#### 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 \$681,308 and the Authority's contributions amounted to \$99,633 for the year ended June 30, 2005.

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

The total payroll of all bargaining unit employees for the year ended June 30, 2005 amounted to \$2,906,194. The Authority's contributions for the year ended June 30, 2005 amounted to \$445,444.

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 13 - Commitments and Contingencies**

**General Government**

The City is a defendant in various liability claims and lawsuits relating to deaths and personal injuries, civil rights violations, contractual obligations and other matters, which are incidental to performing governmental functions. The City has determined that it is probable that it has potential liability of up to \$7.5 million for such claims. The City has accrued \$7.5 million in the self-insurance reserve internal service fund. The City's liabilities for claims and judgments were based on information available. It is reasonably possible that, as the cases evolve, the resulting estimates will be adjusted significantly in the near term.

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

**Operating Lease Agreements**

The City leases office space under cancelable and non-cancelable operating leases with terms extending over the next one to eight years. As of June 30, 2005, total future minimum rental payments under these leases are as follows:

<u>Year Ending June 30,</u>	
2006	\$ 4,216,264
2007	2,481,199
2008	1,562,292
2009	2,019,785
2010	629,511
Thereafter	<u>2,494,210</u>
	<u>\$ 13,403,261</u>

Rent expense related to these agreements amounted to approximately \$4,542,492 for the year ended June 30, 2005.

**Business-Type Activities**

The WPCA is involved, as a defendant, in litigation arising in the ordinary course of business. In the opinion of management, based on the advice of legal counsel, the ultimate liability, if any, with respect to these matters will not be material. The Authority intends to defend itself vigorously against these actions.

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 13 - Commitments and Contingencies (Continued)**

**WPCA Interlocal Agreements**

In 1984, separate amended sewer use agreements were entered into between the Town of Hamden Sewer Commission and the Towns of East Haven and Woodbridge and the WPCA to provide wastewater treatment services. Billings for these services are based upon the WPCA's budgeted operation and maintenance expenses and metered flow of wastewater volumes during the fiscal year, in addition to each town's proportionate share of capital improvements. In accordance with these agreements, an adjustment is subsequently made using actual operation and maintenance expenses incurred by the WPCA.

Charges for services, including operating, maintenance and capital costs, provided to these three municipalities aggregated approximately \$5,117,000 for the year ended June 30, 2005. Balances receivable (payable) from/to these municipalities as of June 30, 2005 are as follows:

	<u>User Charges</u>	<u>Interest</u>	<u>Total</u>
Town of Hamden	\$ 916,604		916,604
Town of East Haven	249,114		249,114
Town of Woodbridge	(13,136)		(13,136)
	<u>\$ 1,152,582</u>	<u>-</u>	<u>1,152,582</u>

**WPCA Sewage Treatment Agreement**

The WPCA also has an agreement with an independent sewage treatment company (Company) for sludge disposal. The agreement is for upgrading and operating the WPCA's incinerator facility as well as current sludge disposal. The term of the agreement is for ten years. The agreement calls for on-site incineration at a cost of approximately \$2.8 million per year. In the event that the agreement is terminated early, the WPCA must pay the Company for the remaining unamortized balance of the capital costs incurred by the Company to make the facility operational. This balance is calculated using straight-line amortization over the remaining term of the agreement, with total capital costs not to exceed \$3.3 million. In the event the agreement is terminated within five years of receiving the permit, the WPCA must also reimburse the Company for its lost profit over the remaining term. The WPCA currently has no plans to terminate the agreement early.

**Privatization Agreement**

On January 4, 1999, the WPCA entered into a 15 year agreement with a private company under which the company took over day-to-day management of the plant, pump stations and sewer collection system while the WPCA retained its billing and customer relations responsibilities. The WPCA paid the Company an operation and maintenance fee totaling approximately \$2,940,000 during the year ended June 30, 2005.

The operation and maintenance fee for each of the remaining years of this agreement will approximate \$2,740,000, adjusted for changes in the consumer price index.

The WPCA can terminate the above agreement without cause, but must pay the company \$1,000,000 if terminated in the fifth year, reduced pro rata for each year thereafter, plus the book value of unreimbursed capital costs and the costs to demobilize its management team. If the company terminates the agreement due to default by the WPCA, it will be paid \$2,000,000 if terminated in the first year reduced pro rata for each year thereafter.

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 13 - Commitments and Contingencies (Continued)**

**Component Units**

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

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

**Parking Authority Lease Agreements**

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

The Parking Authority also leases the Granite Square Garage facility for a period of 25 years. The lease for the facility requires monthly rental payments which are based primarily upon the recovery of costs to finance the facility. The estimated monthly rent at June 30, 2005 is \$32,906.

The following is a schedule, as of June 30, 2005, of estimated future minimum rental payments for the next five years and thereafter, which are required of the Authority as lessee under this agreement:

Year Ending June 30,	
2006	\$ 394,872
2007	394,872
2008	394,872
2009	394,872
2010	394,872
Thereafter	<u>1,974,360</u>
	<u>\$ 3,948,720</u>

Total Parking Authority rental expense under cancelable and non-cancelable operating leases is included in the combined statement of revenues, expenses and changes in fund net assets (deficit) and totaled \$467,674 for the year ended June 30, 2005.



**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 13 - Commitments and Contingencies (Continued)**

**Parking Authority Lease Agreements (Continued)**

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

A schedule as of June 30, 2005 of minimum future rentals for the next five years on non-cancelable leases, where the Parking Authority, as owner or in its capacity as agent, is the lessor, is summarized as follows:

Year Ending June 30,	
2006	\$ 1,401,246
2007	869,750
2008	843,712
2009	691,938
2010	631,701
Thereafter	<u>4,596,796</u>
	<u>\$ 9,035,143</u>

**Parking Authority – Air Rights Facility Revenue Refunding Bonds**

On May 1, 2002, the Authority issued \$29,110,000 of 2002 Series Air Rights Parking Facility Revenue Refunding Bonds ("Series 2002") for the purpose of refunding outstanding Series 1991 bonds. The Series 2002 bonds bear interest at rates ranging from 3% to 5.375%. Interest is payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>. Principal payments are made on December 1<sup>st</sup>. The Series 2002 bonds require level annual debt service payments with the final payment due December 1, 2015. All issuance costs of the transaction, \$897,037 were paid from bond proceeds. The total amount deferred on refunding was \$2,656,510 consisting of unamortized Series 1991 bond issuance costs and discounts of \$2,038,410 and a call premium of \$618,100.

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 13 - Commitments and Contingencies (Continued)**

**Subsidies**

The City has historically subsidized various non-related party activities through General Fund expenditures for culture and recreation. The amount subsidized for fiscal-year-ended June 30, 2005 was \$1.79 million which included \$410,400 for the Shubert Performing Arts Center. The Shubert also receives a favorable lease agreement of \$1 per year for occupying City owned property. These expenditures are approved annually by the Board of Alderman during the Budgetary meetings.

**Note 14 - Closure and Post Closure Care Cost**

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The estimated total current cost of the landfill closure and post closure care, aggregating \$2,400,000, 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, 2005. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Costs will be funded through the issuance of general obligation bonds and state and federal grants.

**Note 15 - Risk Management**

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

The self-insured activities for general liability and medical benefits are accounted for in the Internal Service Funds. The workers compensation account is funded by the General Fund and the WPCA Enterprise 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, 2005. The liability for workers' compensation and heart and hypertension not transferred and not expected to be paid with current available resources is reported in the general long-term debt account group in the amount of \$30,484,612. Employee health claims are funded based on estimates by the City's insurance consultants and expenses are recognized as incurred. These amounts are recorded in the Internal Service Fund as operating revenues and expenses.

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

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

**Note 15 - Risk Management (Continued)**

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

		Self-Insurance Reserve Fund			
Fiscal Year Ended	\$	Claims Payable July 1	Claims and Changes In Estimates	Claims Paid	Claims Payable June 30
2005		4,283,793	6,509,861	3,312,694	7,480,960
2004		3,801,753	1,017,000	534,960	4,283,793

		Medical Self-Insurance Fund			
Fiscal Year Ended	\$	Claims Payable July 1	Claims and Changes In Estimates	Claims Paid	Claims Payable June 30
2005		4,579,455	53,386,809	53,836,664	4,129,600
2004		3,953,711	53,053,374	52,427,630	4,579,455

		Workers' Compensation Account			
Fiscal Year Ended	\$	Claims Payable July 1	Claims and Changes In Estimates	Claims Paid or Transferred	Claims Payable June 30
2005		28,504,511	8,844,157	6,864,056	30,484,612
2004		14,289,693	20,666,313	6,451,495	28,504,511

		WPCA Workers' Compensation Account			
Fiscal Year Ended	\$	Claims Payable July 1	Claims and Changes In Estimates	Claims Paid	Claims Payable June 30
2005		22,625	(22,625)		-
2004		40,071	(17,446)		22,625

**Other Post-Employment Benefits**

In addition to the pension benefits described in Note 12, the City provides post-employment health care benefits, in accordance with collective bargaining agreements and Connecticut General Statutes, to retirees between the age of 55 and 65. Currently, 2,739 retirees meet those eligibility requirements. Expenditures for postretirement health care benefits are recognized as incurred. During the year ended June 30, 2005, expenditures of \$20,752,702 were recognized for post-retirement health care.

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 16 – Segment Information For Enterprise Funds**

**Condensed Statement of Net Assets:**

Assets:	
Current Assets	\$ 13,816,805
Due From Other Funds	9,489,964
Capital Assets	126,428,211
Other Noncurrent Assets	352,636
Total Assets	<u>\$ 150,087,616</u>
Liabilities:	
Current Liabilities	\$ 12,584,789
Non-current Liabilities	44,113,034
Total Liabilities	<u>\$ 56,697,823</u>
Net Assets:	
Invested In Capital Assets, Net of Related Debt	\$ 79,659,170
Unrestricted	13,730,623
Total Net Assets	<u>\$ 93,389,793</u>

**Condensed Statement of Revenues, Expenses, and Changes In Net Assets:**

Sewer Charges	\$ 13,296,896
Other Services	3,097,423
Miscellaneous	804,924
Depreciation & Amortization Expense	(4,492,191)
Other Operating Expenses	(13,017,436)
Operating Income (Loss)	<u>(\$ 310,384)</u>

Non-operating Revenues (Expenses):

Investment Earnings	189,515
Interest Expense	(476,748)
Capital Contributions	3,181,484
Transfers Out	(7,310,000)
Change in Net Assets	(\$ 4,726,133)
Beginning Net Assets	98,115,926
Ending Net Assets	<u>\$ 93,389,793</u>

**Condensed Statement of Cash Flows:**

Net Cash Provided (Used) By:	
Operating Activities	\$ 2,623,361
Financing Activities	(4,918,806)
Investing Activities	189,515
Net Increase (Decrease)	(\$ 2,105,930)
Beginning Cash and Cash Equivalents	12,338,107
Ending Cash and Cash Equivalents	<u>\$ 10,232,177</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 17 – Related Party Transactions**

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

Related party account balances at June 30 are as follows:

	<u>2005</u>	<u>2004</u>
Note Payable to the City from the Authority	\$ <u>-</u>	<u>62,400</u>
Accounts Payable and Accrued Expenses to the City from the Authority	\$ <u>207,195</u>	<u>14,978</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

Under Air Rights	\$ 84,000	2,000
Dwight and Orchard	112,800	1,600
Howe and Dwight	70,000	400
State Street Surface Lots	<u>6,059</u>	<u>7,821</u>
	\$ <u>272,859</u>	<u>11,821</u>

**Note 18 – Non-Cash Investing Capital and Financing Activities**

**Water Pollution Control Authority**

During the year ended June 30, 2005, the capital projects funds received and expended monies on behalf of the WPCA as follows

Proceeds of Issuance of Long-Term Debt	\$ 8,666,420
Transfer	(7,200,000)
Capital Contributions	2,887,412
Purchases of Property and Equipment and Payments for Bond Issuance Costs	<u>(11,186,151)</u>
Increase (Decrease) In Due From Other Funds	( <u>\$ 6,832,319</u> )

# CITY OF NEW HAVEN, CONNECTICUT

## NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2005

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### Note 19 – Discontinued Operations – Component Units

#### New Haven Parking Authority

During the year ended June 30, 2004, the Parking Authority entered into an agreement to sell and transfer substantially all its interests in the Chapel Square parking facility to an outside third party. The sale closed on December 23, 2004. In accordance with Statement of Financial Accounting Standard No. 144, those assets have been separately identified as net assets of discontinued operations in the Parking Authority's Statements of Net Assets and the results of the facility's operations have been presented separately in the Statements of Revenues, Expenses and Changes in Fund Net Assets (Deficit).

Summary financial information is as follows at June 30:

	<u>2005</u>	<u>2004</u>
Net Assets of Discontinued Operations:		
Cost of Facilities	\$	1,474,320
Improvements		2,324,321
Accumulated Depreciation		(3,283,508)
Net	\$	<u>515,133</u>
Changes in Net Assets from Discontinued Operations:		
Loss From Operations	\$ (117,332)	(266,948)
Eliminations of Intercompany Administrative Fee	108,428	209,249
Gain on Sale	694,867	
Net	\$ <u>685,963</u>	<u>(57,699)</u>

#### New Haven Coliseum Authority

The New Haven Coliseum Authority (The Authority) ceased operations on August 30, 2002. The majority of the assets were sold at public auction in previous years and the balance will be disposed of upon the demolition of the Coliseum. The Authority expects the demolition to occur during the fiscal year ending June 30, 2006.

During the year ended June 30, 2004, the Authority determined that no significant revenue would be generated from the disposal of the remaining assets of the Coliseum. Accordingly, an impairment loss of \$26,099,243 has been recognized during the year ended June 30, 2004 as follows:

Cost of Capital Assets	\$	55,126,272
Accumulated Depreciation		<u>(29,027,029)</u>
		26,099,243
Impairment Loss		<u>(26,099,243)</u>
	\$	<u>-</u>

## CITY OF NEW HAVEN, CONNECTICUT

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2005

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#### Note 20 – Subsequent Events

On August 29, 2005, the City and the New Haven WPCA, as one of the Constituent Municipalities (consisting of the City of New Haven and the Towns of East Haven, Hamden and Woodbridge), entered into an Asset Purchase Agreement. The waste water system assets of the Constituent Municipalities will be transferred to the Greater New Haven Water Pollution Control Authority in return for a payment to the Constituent Municipalities and the assumption of the Constituent Municipalities' Clean Water Fund Obligations, incurred in connection with the State of Connecticut's Clean Water Program, as well as assumption of general obligation debt issued by the Constituent Municipalities for wastewater purposes. In addition the Greater New Haven Water Pollution Control Authority has agreed to make annual payments in lieu of taxes (PILOT payments) totaling \$550,000 per annum, over the life of the transferred wastewater system assets, to be divided among the Constituent Municipalities in accordance with the Asset Purchase Agreement. An additional \$200,000 will be paid to the City annually over a period of 20 years as an incremental amount to its PILOT payment. At the end of the 20 year period, the incremental amount will be reviewed and reevaluated by the Authority and the City.

In connection with the above regionalization, the New Haven WPCA transferred \$7,200,000 to the City for assumption of employer pension obligations.

#### Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2005 that have effective dates that may impact future financial presentations.

The following statements are not expected to have a significant impact on the financial statements:

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, issued November 2003, will be effective for the City beginning with its year ending June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, issued in May 2004, will be effective for the City beginning with its year ending June 30, 2006. This Statement improves the understandability and usefulness of statistical section information by addressing information from the new financial reporting model required by Statement No. 34 and related statements.

**CITY OF NEW HAVEN, CONNECTICUT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2005**

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**Note 20 – Subsequent Events (Continued)**

The following statement may have a significant impact on the financial statements, depending upon the results of an actuarial study to be undertaken before the effective date:

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



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CITY OF NEW HAVEN, CONNECTICUT

GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2005

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**ASSETS**

Cash And Cash Equivalents	\$	26,008,499
Investments		1,927,518
Receivables:		
Property Taxes (Net of Allowance For Uncollectibles)		3,450,311
Other		2,588,436
State and Federal Grants		73,277,158
Due From Other Funds		22,880,420
Other Assets		<u>2,581,540</u>
<b>Total Assets</b>	\$	<u>132,713,882</u>

**LIABILITIES AND FUND EQUITY**

Accounts Payable	\$	18,432,286
Accrued Liabilities		7,010,732
Deferred Revenue		72,639,704
Unearned Revenue		73,596
Other Liabilities		16,306,438
Due To Other Funds		<u>5,271,730</u>
<b>Total Liabilities</b>	\$	<u>119,734,486</u>
Fund Equity:		
Unreserved:		
Undesignated	\$	<u>12,979,396</u>
<b>Total Fund Equity</b>	\$	<u>12,979,396</u>
<b>Total Liabilities and Fund Equity</b>	\$	<u><u>132,713,882</u></u>

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CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Over/(Under)
	Original	Final		
<b>Revenues:</b>				
<b>Current City Taxes:</b>				
Real Estate	\$ 123,277,944	123,277,944	122,736,451	(541,493)
Personal Property	13,994,770	13,994,770	13,994,770	-
Motor Vehicle	10,310,509	10,310,509	9,386,073	(924,436)
Supplemental	1,500,000	1,500,000	1,500,000	-
Current Interest	1,000,000	1,000,000	850,883	(149,117)
<b>Total Current City Taxes</b>	<b>\$ 150,083,223</b>	<b>150,083,223</b>	<b>148,468,177</b>	<b>(1,615,046)</b>
<b>Total Tax Collection Initiatives</b>				
Real & Personal Property Initiatives	\$ 2,235,850	2,364,615	2,269,605	(95,010)
<b>Total Tax Collection Initiatives</b>	<b>\$ 2,235,850</b>	<b>2,364,615</b>	<b>2,269,605</b>	<b>(95,010)</b>
<b>Delinquent City Taxes</b>				
Real & Personal Property	\$ 4,300,000	3,000,000	1,308,972	(1,691,028)
Interest & Penalties	2,700,000	2,000,000	2,106,055	106,055
<b>Total Delinquent City Taxes</b>	<b>\$ 7,000,000</b>	<b>5,000,000</b>	<b>3,415,027</b>	<b>(1,584,973)</b>
<b>Total Property Taxes</b>	<b>\$ 159,319,073</b>	<b>157,447,838</b>	<b>154,152,809</b>	<b>(3,295,029)</b>
<b>Education Grants:</b>				
Education Cost Sharing	\$ 127,045,576	124,410,395	124,190,833	(219,562)
State Aid for Construction & Reconstruction	8,400,000	8,400,000	8,400,000	-
School Transportation	3,898,875	3,833,397	3,953,094	119,697
Non - Public transportation	-	-	-	-
Education of the Legally Blind	73,000	73,000	310,014	237,014
Health Services - Non - Public Schools	80,500	80,500	73,493	(7,007)
<b>Total Education Grants</b>	<b>\$ 139,497,951</b>	<b>136,797,292</b>	<b>136,927,434</b>	<b>130,142</b>
<b>Other Government Grants:</b>				
Pilot - State Property	\$ 3,880,565	3,880,565	4,087,765	207,200
Pilot - Colleges & Hospitals	32,677,692	33,558,075	33,558,075	-
Distressed Cities Exemption	357,000	367,006	369,002	1,996
Tax Relief for the Elderly Freeze	134,267	75,314	75,314	-
Homeowners Tax Relief - Elderly Circuit Breaker	511,968	511,968	434,104	(77,864)
Reimbursements for Low Income Veterans	152,573	152,573	70,415	(82,158)
Reimbursements for the Disabled	9,499	9,499	6,785	(2,714)
Low Income Tax Abatement Program	248,105	248,105	442,635	194,530
PILOT - Boats	33,783	33,783	33,783	-
PILOT - Machinery & Equipment	1,589,000	1,589,000	1,181,612	(407,388)
Shell Fish	37,861	37,861	47,804	9,943
Pequot Funds	11,425,977	11,292,547	11,296,531	3,984
Town Aid for Roads	281,202	443,213	443,213	-
<b>Total Other Government Grants</b>	<b>\$ 51,339,492</b>	<b>52,199,509</b>	<b>52,047,038</b>	<b>(152,471)</b>

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Over/(Under)
	Original	Final		
<b>Revenues: (Continued)</b>				
<b>Licenses, Permits &amp; Other Fees:</b>				
Other Agencies	\$ 55,000	24,000	37,212	13,212
Map/Bid Documents	9,000	10,000	13,948	3,948
Parks - Lighthouse Admissions & Concessions	47,000	95,000	126,039	31,039
Parks - Carousel & Building	6,000	7,000	6,721	(279)
Aquatica				-
Parks - Other Fees	31,000	35,000	40,047	5,047
Town Clerk/City Clerk	750,000	800,000	860,068	60,068
Police Service	60,000	60,000	84,550	24,550
Animal Shelter	7,000	7,000	5,320	(1,680)
Fire Service	26,000	26,000	38,973	12,973
Health Services	209,425	215,000	237,234	22,234
Registrar of Vital Statistics	265,000	275,000	288,343	13,343
Public Works - Public Space, Licenses & Permits	130,000	130,000	148,071	18,071
Public Works - Evictions	1,500	1,500	1,190	(310)
Public Works - Bulk Trash Pickup Permits	-	-		-
Residential Parking Permits	5,000	8,500	14,605	6,105
Traffic & Parking Meter Receipts	2,200,000	2,200,000	2,366,691	166,691
Building Inspections	4,000,000	4,000,000	4,443,382	443,382
High School Athletics	21,000	25,000	24,063	(937)
<b>Total Licenses, Permits &amp; Other Fees</b>	<b>\$ 7,822,925</b>	<b>7,919,000</b>	<b>8,736,457</b>	<b>817,457</b>
<b>Investment Income:</b>				
Interest Income	\$ 900,000	900,000	1,597,216	697,216
<b>Total Investment Income</b>	<b>\$ 900,000</b>	<b>900,000</b>	<b>1,597,216</b>	<b>697,216</b>
<b>Received From Fines:</b>				
Superior Court	\$ 5,800	5,500	7,061	1,561
Parking Tags	2,500,000	3,300,000	3,682,126	382,126
Police False Alarms/Registration	10,000	16,000	35,634	19,634
Public Works - Public Space Violations	1,600	3,000	10,819	7,819
<b>Total Received From Fines</b>	<b>\$ 2,517,400</b>	<b>3,324,500</b>	<b>3,735,640</b>	<b>411,140</b>
<b>Payment in Lieu of Taxes (PILOT)</b>				
Telecommunications Property Tax	\$ 2,722,960	1,966,264	1,733,833	(232,431)
South Central Regional Water Authority	613,845	629,854	629,854	-
Air Rights Garage - Temple Medical	29,856	30,631	30,631	-
52 Howe Street	50,000	50,000	26,095	(23,905)
Hospital of St. Raphael	8,766	8,993	8,993	-
Ninth Square	592,311	592,311	592,328	17
<b>Total Payment in Lieu of Taxes</b>	<b>\$ 4,017,738</b>	<b>3,278,053</b>	<b>3,021,734</b>	<b>(256,319)</b>
<b>Other Taxes &amp; Assessments:</b>				
Real Estate Conveyance Tax	\$ 850,000	850,000	1,365,158	515,158
Yale Payment For Fire Services	2,210,889	2,329,653	2,329,653	-
Air Rights Garage	500,000	183,333	216,667	33,334
<b>Total Other Taxes &amp; Assessments</b>	<b>\$ 3,560,889</b>	<b>3,362,986</b>	<b>3,911,478</b>	<b>548,492</b>

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Over/(Under)
	Original	Final		
<b>Revenues: (Continued)</b>				
<b>Miscellaneous:</b>				
Parks Employee Rent	\$ 8,400	6,300	7,073	773
Oak Street Project	-	-	-	-
Misc. Community Development Rents	315,000	315,000	307,530	(7,470)
Parking Space Rent	4,600	4,600	4,574	(26)
Off Track Betting (OTB)	1,300,000	1,300,000	1,392,596	92,596
Controllers	500,000	1,400,000	2,293,920	893,920
Personal Motor Vehicles Reimbursements	22,000	22,000	30,559	8,559
Neighborhood Preservation Loan Payments	52,000	90,000	94,823	4,823
Welfare Department	15,000	15,000	19,845	4,845
Commission On Equal Opportunity	10,000	10,000	94,443	84,443
Non - Profits		2,500,000	2,061,000	(439,000)
Other Revenue		1,938,676	-	(1,938,676)
<b>Total Miscellaneous Revenue</b>	<b>\$ 2,227,000</b>	<b>7,601,576</b>	<b>6,306,363</b>	<b>(1,295,213)</b>
<b>Other Financing Sources:</b>				
Transfer from WPCA	7,196,873	7,196,873	7,200,000	3,127
<b>Total Other Financing Sources</b>	<b>\$ 7,196,873</b>	<b>7,196,873</b>	<b>7,200,000</b>	<b>3,127</b>
<b>Total Budgetary Revenues</b>	<b>\$ 378,399,341</b>	<b>380,027,627</b>	<b>377,636,169</b>	<b>(2,391,458)</b>

Budgetary Revenues are different from GAAP Revenue because:

State of Connecticut "on-behalf" contributions to the Connecticut State Teachers Retirement System for Town Teachers are not budgeted.

6,243,266

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

\$ 383,879,435

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Over (Under)
	Original	Final		
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Mayor and Administration	\$ 1,141,737	1,126,597	1,154,476	27,879
Board of Alderman	669,427	689,427	651,343	(38,084)
Corporation Counsel	2,000,370	2,059,651	1,927,545	(132,106)
Development	5,205,260	5,130,525	5,035,563	(94,962)
Finance	8,135,020	8,089,597	6,595,024	(1,494,573)
Tax and Assessors	620,602	577,665	490,250	(87,415)
General Government Other	1,886,261	1,141,261	1,068,509	(72,752)
Human Resources	523,598	507,068	488,912	(18,156)
Office of Technology	1,058,891	1,005,104	979,886	(25,218)
Liability - Self Insurance	3,545,194	3,445,194	3,380,179	(65,015)
<b>Total General Government</b>	<b>\$ 24,786,360</b>	<b>23,772,089</b>	<b>21,771,687</b>	<b>(2,000,402)</b>
<b>Public Safety:</b>				
Police	\$ 30,565,349	31,132,285	30,987,867	(144,418)
Fire	26,612,797	26,601,398	26,335,187	(266,211)
<b>Total Public Safety</b>	<b>\$ 57,178,146</b>	<b>57,733,683</b>	<b>57,323,054</b>	<b>(410,629)</b>
<b>Public Works:</b>				
Department of Public Works	\$ 11,144,714	11,345,588	11,522,823	177,235
Engineering	2,479,087	2,279,735	2,106,935	(172,800)
Traffic and Parking	2,034,859	2,212,985	2,054,648	(158,337)
<b>Total Public Works</b>	<b>\$ 15,658,660</b>	<b>15,838,308</b>	<b>15,684,406</b>	<b>(153,902)</b>
<b>Public Services:</b>				
Health & Welfare	\$ 7,306,000	7,137,359	6,980,100	(157,259)
<b>Total Public Services</b>	<b>\$ 7,306,000</b>	<b>7,137,359</b>	<b>6,980,100</b>	<b>(157,259)</b>
<b>Cultural &amp; Recreation:</b>				
Cultural & Recreation	\$ 8,022,389	8,098,402	8,016,916	(81,486)
<b>Total Cultural &amp; Recreation</b>	<b>\$ 8,022,389</b>	<b>8,098,402</b>	<b>8,016,916</b>	<b>(81,486)</b>
<b>Employee Benefits:</b>				
Pension, Medicare & Social Security	\$ 21,305,850	21,305,850	21,359,551	53,701
Employee Insurance	42,232,923	44,732,923	45,247,357	514,434
<b>Total Employees Benefits</b>	<b>\$ 63,538,773</b>	<b>66,038,773</b>	<b>66,606,908</b>	<b>568,135</b>
<b>Education</b>				
<b>Total Education</b>	<b>\$ 157,321,565</b>	<b>156,821,565</b>	<b>156,634,755</b>	<b>(186,810)</b>

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Over (Under)
	Original	Final		
<b>Debt Service:</b>				
Principal	\$ 25,752,016	25,752,016	27,190,060	1,438,044
Interest	18,835,432	18,835,432	17,397,388	(1,438,044)
<b>Total Debt Service</b>	<u>\$ 44,587,448</u>	<u>44,587,448</u>	<u>44,587,448</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 378,399,341</u>	<u>380,027,627</u>	377,605,274	<u>(2,422,353)</u>

Budgetary Expenditures are different from GAAP Expenditures because:

State of Connecticut "on-behalf" payments to the Connecticut State  
Teachers Retirement System for Town Teachers are not budgeted. 6,243,266

Total Expenditures and other financing uses as reported in the statement  
of revenues, expenditures and changes in fund balance - governmental  
funds - Exhibit D. \$ 383,848,540



CITY OF NEW HAVEN, CONNECTICUT

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2005

	Special Revenue Funds		
	Improvement	Human Resources	Redevelopment Agency
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 713,803	1,615,529	508,734
Investments		-	-
Receivables, Net	1,500	50,845	2,426
Receivables From Other Governments		339,034	
Due From Other Funds		696,413	
Prepaid Expenses			
Other Assets			
<b>Total Assets</b>	<b>\$ 715,303</b>	<b>2,701,821</b>	<b>511,160</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 2,122	181,690	263,499
Accrued Liabilities	742	54,551	
Retainage Payable	77,500		97,718
Due To Other Funds	66,435	1,804,177	
Unearned Revenue	19,785		
Deferred Revenue	258,796	1,478	140,275
Loans And Notes Payable			
Other Liabilities			
<b>Total Liabilities</b>	<b>\$ 425,380</b>	<b>2,041,896</b>	<b>501,492</b>
<b>Fund Balances:</b>			
Reserved for:			
Encumbrances	\$ 39,900	6,346,186	2,437,771
Debt Service			
Other Purposes			
Unreserved	250,023	(5,686,261)	(2,428,103)
<b>Total Fund Balances</b>	<b>\$ 289,923</b>	<b>659,925</b>	<b>9,668</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 715,303</b>	<b>2,701,821</b>	<b>511,160</b>

SCHEDULE 4

Special Revenue Funds			Permanent Funds	Total Non-major Governmental Funds (See Exhibit C)
Other	Other ETF	Total		
2,316,949	394,425	5,549,440	610,282	6,159,722
711,794	575,181	1,286,975	2,540,960	3,827,935
133,806	49,031	237,608		237,608
37,069		376,103		376,103
74,004		770,417		770,417
		-		-
		-		-
<u>3,273,622</u>	<u>1,018,637</u>	<u>8,220,543</u>	<u>3,151,242</u>	<u>11,371,785</u>
110,594		557,905		557,905
26,180		81,473	349,350	430,823
		175,218		175,218
164,102	662	2,035,376		2,035,376
418		20,203		20,203
43,710		444,259		444,259
		-		-
	<u>1,110,311</u>	<u>1,110,311</u>		<u>1,110,311</u>
<u>345,004</u>	<u>1,110,973</u>	<u>4,424,745</u>	<u>349,350</u>	<u>4,774,095</u>
182,824	-	9,006,681		9,006,681
		-		-
		-		-
<u>2,745,794</u>	<u>(92,336)</u>	<u>(5,210,883)</u>	<u>2,801,892</u>	<u>(2,408,991)</u>
<u>2,928,618</u>	<u>(92,336)</u>	<u>3,795,798</u>	<u>2,801,892</u>	<u>6,597,690</u>
<u>3,273,622</u>	<u>1,018,637</u>	<u>8,220,543</u>	<u>3,151,242</u>	<u>11,371,785</u>

CITY OF NEW HAVEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	Special Revenue Funds		
	Improvement	Human Resources	Redevelopment Agency
<b>Revenues:</b>			
Intergovernmental	\$ 587,074	9,881,234	1,136,540
Investment Earnings	6,382	11,915	21,301
Other	85,149	1,547,599	1,275,456
<b>Total Revenues</b>	<b>\$ 678,605</b>	<b>11,440,748</b>	<b>2,433,297</b>
<b>Expenditures:</b>			
Current:			
Education	\$		
General Government			
Public Works	631,988		
Public Services		10,874,621	2,362,918
Other Expenditures			
Debt Service:			
Principal			
Interest and Other Charges			
Capital Outlay			
<b>Total Expenditures</b>	<b>\$ 631,988</b>	<b>10,874,621</b>	<b>2,362,918</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 46,617</b>	<b>566,127</b>	<b>70,379</b>
<b>Fund Balances - Beginning</b>	<b>\$ 243,306</b>	<b>93,798</b>	<b>(60,711)</b>
<b>Fund Balances - Ending</b>	<b>\$ 289,923</b>	<b>659,925</b>	<b>9,668</b>

**SCHEDULE 5**

<b>Special Revenue Funds</b>			<b>Permanent Funds</b>	<b>Governmental Funds (See Exhibit D)</b>
<b>Other</b>	<b>Other ETF</b>	<b>Total</b>		
1,284,715		12,889,563		12,889,563
17,039	5,188	61,825		61,825
<u>1,800,809</u>	<u>24,030</u>	<u>4,733,043</u>	<u>38,427</u>	<u>4,771,470</u>
<u>3,102,563</u>	<u>29,218</u>	<u>17,684,431</u>	<u>38,427</u>	<u>17,722,858</u>
		-		-
3,861,715		3,861,715		3,861,715
		631,988		631,988
		13,237,539		13,237,539
		-	89,155	89,155
		-		-
		-		-
		-		-
<u>3,861,715</u>	<u>-</u>	<u>17,731,242</u>	<u>89,155</u>	<u>17,820,397</u>
<u>(759,152)</u>	<u>29,218</u>	<u>(46,811)</u>	<u>(50,728)</u>	<u>(97,539)</u>
<u>3,687,770</u>	<u>(121,554)</u>	<u>3,842,609</u>	<u>2,852,620</u>	<u>6,695,229</u>
<u>2,928,618</u>	<u>(92,336)</u>	<u>3,795,798</u>	<u>2,801,892</u>	<u>6,597,690</u>

CITY OF NEW HAVEN, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS  
OTHER ENTERPRISE FUNDS  
JUNE 30, 2005

	<u>Golf Course</u>	<u>Transfer Station</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 99,965	853,143
Receivables, Net	8,525	441,185
Due From Other Funds		
<b>Total Current Assets</b>	<u>\$ 108,490</u>	<u>1,294,328</u>
<b>Noncurrent Assets:</b>		
Capital Assets:		
Building And System	\$	3,220,070
Less: Accumulated Depreciation		(990,233)
<b>Total Noncurrent Assets</b>	<u>\$ -</u>	<u>2,229,837</u>
<b>Total Assets</b>	<u>\$ 108,490</u>	<u>3,524,165</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 114,157	12,108
Accrued Liabilities	1,711	
Due To Other Funds		
<b>Total Current Liabilities</b>	<u>\$ 115,868</u>	<u>12,108</u>
<b>Total Liabilities</b>	<u>\$ 115,868</u>	<u>12,108</u>
<b>Net Assets:</b>		
Invested in Capital Assets, Net of Related Debt	\$	2,229,837
Unrestricted	(7,378)	1,282,220
<b>Total Net Assets</b>	<u>\$ (7,378)</u>	<u>3,512,057</u>

**SCHEDULE 6**

<b>Skating Rink</b>	<b>East Rock Community Tower</b>	<b>Total (See Exhibit G)</b>
127,791	62,577	1,143,476 449,710 -
<u>127,791</u>	<u>62,577</u>	<u>1,593,186</u>
-	-	3,220,070 (990,233) 2,229,837
<u>127,791</u>	<u>62,577</u>	<u>3,823,023</u>
2,785	92	129,142 1,711 -
<u>2,785</u>	<u>92</u>	<u>130,853</u>
<u>2,785</u>	<u>92</u>	<u>130,853</u>
125,006	62,485	2,229,837 1,462,333
<u>125,006</u>	<u>62,485</u>	<u>3,692,170</u>

CITY OF NEW HAVEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 OTHER ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>Golf Course</u>	<u>Transfer Station</u>
<b>Operating Revenues:</b>		
Charges For Services	\$ 690,000	549,693
Miscellaneous		
<b>Total Operating Revenues</b>	<u>\$ 690,000</u>	<u>549,693</u>
<b>Operating Expenses:</b>		
Costs of Services and Supplies	\$ 621,330	208,899
Depreciation		92,002
<b>Total Operating Expenses</b>	<u>\$ 621,330</u>	<u>300,901</u>
<b>Operating Income</b>	<u>\$ 68,670</u>	<u>248,792</u>
<b>Non-Operating Revenues (Expenses):</b>		
Investment Earnings	\$ -	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>\$ -</u>	<u>-</u>
<b>Income Before Transfers</b>	\$ 68,670	248,792
Transfers In		
Transfers Out	<u>(110,000)</u>	
<b>Change in Net Assets</b>	\$ (41,330)	248,792
<b>Total Net Assets - Beginning</b>	<u>33,952</u>	<u>3,263,265</u>
<b>Total Net Assets - Ending</b>	<u>\$ (7,378)</u>	<u>3,512,057</u>

**SCHEDULE 7**

<b>Skating Rink</b>	<b>East Rock Community Tower</b>	<b>Total (See Exhibit H)</b>
131,543	42,810	1,414,046
-	-	-
131,543	42,810	1,414,046
124,182	1,015	955,426
-	-	92,002
124,182	1,015	1,047,428
7,361	41,795	366,618
-	884	884
-	884	884
7,361	42,679	367,502
-	-	-
-	-	(110,000)
7,361	42,679	257,502
117,645	19,806	3,434,668
125,006	62,485	3,692,170



CITY OF NEW HAVEN, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS  
OTHER ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Golf Course</u>	<u>Transfer Station</u>
<b>Cash Flows From Operating Activities:</b>		
Receipts From Customers and Users	\$ 690,465	570,833
Payments To Suppliers	(661,804)	(209,873)
Internal Activities-Payments From (To) Others Funds	(110,000)	(248,333)
<b>Net Cash Provided By Operating Activities</b>	<u>\$ (81,339)</u>	<u>112,627</u>
<b>Cash Flows From Investing Activities:</b>		
Interest Received On Investments	\$ -	-
<b>Net Cash Flows Provided By Investing Activities</b>	<u>\$ -</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	\$ (81,339)	112,627
<b>Cash and Cash Equivalents - Beginning</b>	<u>181,304</u>	<u>740,516</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 99,965</u>	<u>853,143</u>
<b>Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:</b>		
Operating Income (Loss)	\$ 68,670	248,792
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities:		
Depreciation and Amortization		92,002
Transfers In (Out)	(110,000)	
Provision For Uncollectible Accounts		
Changes In Assets And Liabilities:		
(Increase) Decrease In Accounts Receivable	465	21,140
(Increase) Decrease In Due From Other Funds		
Increase (Decrease) In Accounts Payable	(42,185)	(974)
Decrease In Accrued Expenses	1,711	
Increase (Decrease) In Due To Other Funds		(248,333)
Increase In Compensated Absences		
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>\$ (81,339)</u>	<u>112,627</u>

**SCHEDULE 8**

<b>Skating Rink</b>	<b>East Rock Community Tower</b>	<b>Total (See Exhibit I)</b>
131,543 (121,448)	56,124 (1,073)	1,448,965 (994,198) (358,333)
<u>10,095</u>	<u>55,051</u>	<u>96,434</u>
	884	884
-	<u>884</u>	<u>884</u>
10,095	55,935	97,318
<u>117,696</u>	<u>6,642</u>	<u>1,046,158</u>
<u>127,791</u>	<u>62,577</u>	<u>1,143,476</u>
7,361	41,795	366,618
		92,002 (110,000)
		-
	13,314	34,919
		-
2,734	(58)	(40,483)
		1,711
		(248,333)
		-
<u>10,095</u>	<u>55,051</u>	<u>96,434</u>

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## CITY OF NEW HAVEN, CONNECTICUT

**COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2005**

	<u>Self-Insurance Reserve</u>	<u>Medical Self-Insurance</u>	<u>Worker's Compensation</u>	<u>Total (See Exhibit G)</u>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 444,355	2,818,758	316,195	3,579,308
Receivables, Net		224,633	20,700	245,333
Due From Other Funds	<u>1,001,574</u>	<u>1,651,852</u>	<u>-</u>	<u>2,653,426</u>
<b>Total Current Assets</b>	<u>\$ 1,445,929</u>	<u>4,695,243</u>	<u>336,895</u>	<u>6,478,067</u>
<b>Total Assets</b>	<u>\$ 1,445,929</u>	<u>4,695,243</u>	<u>336,895</u>	<u>6,478,067</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 1,005,716	72,662		1,078,378
Due To Other Funds	5,526,610	9,126	1,966,721	7,502,457
Accrued Estimated Healthcare Payments		4,129,600		4,129,600
Claims and Judgments	3,879,862			3,879,862
Other Liabilities	<u>7,665</u>	<u>483,855</u>		<u>491,520</u>
<b>Total Current Liabilities</b>	<u>\$ 10,419,853</u>	<u>4,695,243</u>	<u>1,966,721</u>	<u>17,081,817</u>
<b>Noncurrent Liabilities:</b>				
Claims and Judgments	<u>\$ 3,601,098</u>			<u>3,601,098</u>
<b>Total Liabilities</b>	<u>\$ 14,020,951</u>	<u>4,695,243</u>	<u>1,966,721</u>	<u>20,682,915</u>
<b>NET ASSETS</b>				
Unrestricted	<u>\$ (12,575,022)</u>	<u>-</u>	<u>(1,629,826)</u>	<u>(14,204,848)</u>
<b>Total Net Assets</b>	<u>\$ (12,575,022)</u>	<u>-</u>	<u>(1,629,826)</u>	<u>(14,204,848)</u>

## CITY OF NEW HAVEN, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Self-Insurance Reserve</u>	<u>Medical Self-Insurance</u>	<u>Workers' Compensation</u>	<u>Total (See Exhibit H)</u>
<b>Operating Revenues:</b>				
Employer's Contribution	\$ 1,765,194	47,881,801	6,054,166	55,701,161
Charges For Services		7,625,937		7,625,937
Miscellaneous		1,721,627	197,487	1,919,114
<b>Total Operating Revenues</b>	<u>\$ 1,765,194</u>	<u>57,229,365</u>	<u>6,251,653</u>	<u>65,246,212</u>
<b>Operating Expenses:</b>				
Insurance Claims and Expenses	\$ 6,665,319	57,087,877	6,864,056	70,617,252
<b>Total Operating Expenses</b>	<u>\$ 6,665,319</u>	<u>57,087,877</u>	<u>6,864,056</u>	<u>70,617,252</u>
<b>Operating Income (Loss)</b>	<u>\$ (4,900,125)</u>	<u>141,488</u>	<u>(612,403)</u>	<u>(5,371,040)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Investment Earnings	\$ 1,443			1,443
<b>Change in Net Assets</b>	<u>\$ (4,898,682)</u>	<u>141,488</u>	<u>(612,403)</u>	<u>(5,369,597)</u>
<b>Net Assets - Beginning</b>	<u>(7,676,340)</u>	<u>(141,488)</u>	<u>(1,017,423)</u>	<u>(8,835,251)</u>
<b>Net Assets - Ending</b>	<u>\$ (12,575,022)</u>	<u>-</u>	<u>(1,629,826)</u>	<u>(14,204,848)</u>

## CITY OF NEW HAVEN, CONNECTICUT

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Self-Insurance Reserve</u>	<u>Medical Self-Insurance</u>	<u>Workers' Compensation</u>	<u>Total (See Exhibit I)</u>
<b>Cash Flows From Operating Activities:</b>				
City's Contribution	\$ 1,765,194	47,881,801	6,165,821	55,812,816
Cash Reserve From Users (Including Other Funds)		7,910,095		7,910,095
Internal Activity - Payments From (To) Other Funds	(906,918)	(636,125)	414,317	(1,128,726)
Claims and Other Expenses Paid	(2,479,078)	(56,979,905)	(6,864,056)	(66,323,039)
Other Receipts (Payments)		1,721,627	197,487	1,919,114
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>\$ (1,620,802)</u>	<u>(102,507)</u>	<u>(86,431)</u>	<u>(1,809,740)</u>
<b>Cash Flows From Investing Activities:</b>				
Interest and Dividends	\$ 1,443			1,443
<b>Net Cash Provided By Investing Activities</b>	<u>\$ 1,443</u>	<u>-</u>	<u>-</u>	<u>1,443</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	\$ (1,619,359)	(102,507)	(86,431)	(1,808,297)
<b>Balances - Beginning Of The Year</b>	<u>2,063,714</u>	<u>2,921,265</u>	<u>402,626</u>	<u>5,387,605</u>
<b>Balances - End Of The Year</b>	<u>\$ 444,355</u>	<u>2,818,758</u>	<u>316,195</u>	<u>3,579,308</u>
<b>Reconciliation Of Operating Income To Net Cash Provided (Used) By Operating Activities:</b>				
Operating Income (Loss)	\$ (4,900,125)	141,488	(612,403)	(5,371,040)
<b>Change In Assets And Liabilities:</b>				
(Increase) Decrease In Receivables, Net		284,158	111,655	395,813
(Increase) Decrease In Due From Other Funds	(997,316)	(643,941)	22,625	(1,618,632)
Increase (Decrease) In Accrued Estimated Healthcare Payments		(443,711)		(443,711)
Increase (Decrease) In Claims and Judgments	3,197,167			3,197,167
Increase (Decrease) In Accounts Payable and Other	989,074	551,683		1,540,757
Increase (Decrease) In Due To Other Funds	90,398	7,816	391,692	489,906
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>\$ (1,620,802)</u>	<u>(102,507)</u>	<u>(86,431)</u>	<u>(1,809,740)</u>

CITY OF NEW HAVEN, CONNECTICUT

COMBINING STATEMENT OF EMPLOYEE RETIREMENT FUND NET ASSETS  
 FIDUCIARY FUNDS  
 AS OF JUNE 30, 2005

	<u>City Employees' Retirement Fund</u>	<u>Policemen's and Firemen's Retirement Fund</u>
<b>ASSETS</b>		
Cash and Short - Term Investments	\$ 34,797,653	14,908,195
Interest and Dividends Receivable	341,944	1,038,716
Accounts Receivable	2,440,347	455,284
Due From Other Funds		
<b>Investments, At Fair Value:</b>		
Government Agency	176,537	7,030,439
Government Bonds	8,021,723	21,333,227
Municipal Bonds	1,969,487	1,412,504
Government Mortgages	18,930,034	19,016,592
Indexed Linked Government Bonds	379,690	
Other Fixed Income (MFB/NTGI Govt.)	835,644	5,735,699
Common Stock	106,900,969	133,222,064
Preferred Stock	116,190	
Commercial Backed Mortgages	205,421	1,943,497
Venture Capital Partnerships		15,499,294
Corporate Bonds	6,738,195	31,464,581
Corporate Convertible Bond	168,975	1,094,313
Asset Backed Securities	708,868	2,265,860
Other Fixed Income (MFB/NTGI Corp.)	263,888	2,540,923
Non-Government Backed Bonds	2,813,094	944,407
<b>Total Investments</b>	<u>\$ 148,228,715</u>	<u>243,503,400</u>
<b>Total Assets</b>	<u>\$ 185,808,659</u>	<u>259,905,595</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 2,495,624	1,795,861
Accrued Liabilities	123,168	120,546
<b>Total Liabilities</b>	<u>\$ 2,618,792</u>	<u>1,916,407</u>
<b>NET ASSETS</b>		
Held In Trust For Pension Benefits	<u>\$ 183,189,867</u>	<u>257,989,188</u>

**SCHEDULE 12**

<b>Other Retirement Fund</b>	<b>Interfund Eliminations</b>	<b>Combined Employee Retirement Funds (See Exhibit J)</b>
940,519		50,646,367
2,043		1,382,703
2,034		2,897,665
		-
		-
		7,206,976
		29,354,950
		3,381,991
		37,946,626
		379,690
		6,571,343
223,551		240,346,584
		116,190
		2,148,918
		15,499,294
		38,202,776
		1,263,288
45		2,974,773
		2,804,811
		3,757,501
223,596		391,955,711
1,168,192	-	446,882,446
		4,291,485
		243,714
-	-	4,535,199
1,168,192	-	442,347,247



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CITY OF NEW HAVEN, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	<u>City Employees' Retirement Fund</u>	<u>Policemen's and Firemen's Retirement Fund</u>	<u>Other Retirement Fund</u>	<u>Combined Employee Retirement Funds (See Exhibit K)</u>
<b>ADDITIONS</b>				
Contributions:				
Employer Contributions	\$ 7,407,549	11,028,000	148,850	18,584,399
Plan Members	3,106,580	4,913,018		8,019,598
Plan Members Buybacks	73,505	42,990		116,495
Total Contributions	<u>\$ 10,587,634</u>	<u>15,984,008</u>	<u>148,850</u>	<u>26,720,492</u>
Investment Earnings:				
Net Increase (Decrease) In				
Fair Value of Investments	\$ 11,153,864	17,567,968	(523)	28,721,309
Interest	3,283,610	4,484,183	19,687	7,787,480
Dividends	1,291,630	1,852,762	9,715	3,154,107
Total Investment Income (Loss)	<u>\$ 15,729,104</u>	<u>23,904,913</u>	<u>28,879</u>	<u>39,662,896</u>
Less: Investment Expenses:				
Investment Management Fees	878,945	1,057,060		1,936,005
Legal Fees	12,951	22,412		35,363
Interest Expense	70,441			70,441
Net Investment Earnings	<u>\$ 14,766,767</u>	<u>22,825,441</u>	<u>28,879</u>	<u>37,621,087</u>
<b>TOTAL ADDITIONS</b>	<u>\$ 25,354,401</u>	<u>38,809,449</u>	<u>177,729</u>	<u>64,341,579</u>
<b>DEDUCTIONS</b>				
Benefits	\$ 19,098,025	26,532,091	58,978	45,689,094
<b>DEDUCTIONS</b>	<u>\$ 19,098,025</u>	<u>26,532,091</u>	<u>58,978</u>	<u>45,689,094</u>
<b>Net Increase (Decrease)</b>	<u>\$ 6,256,376</u>	<u>12,277,358</u>	<u>118,751</u>	<u>18,652,485</u>
<b>Net Assets - Beginning of Year</b>	<u>176,933,491</u>	<u>245,711,830</u>	<u>1,049,441</u>	<u>423,694,762</u>
<b>Net Assets - End of Year</b>	<u>\$ 183,189,867</u>	<u>257,989,188</u>	<u>1,168,192</u>	<u>442,347,247</u>

**CITY OF NEW HAVEN, CONNECTICUT**

**SCHEDULE OF DEBT LIMITATION  
FOR THE YEAR ENDED JUNE 30, 2005**

Total Tax Collections (Including Interest and Lien Fees)  
For The Year Ended June 30, 2005

Reimbursement For Revenue Loss On:  
Elderly Tax Relief

**Base**

	<u>General Purpose</u>	<u>Schools</u>
<b>Debt Limitation:</b>		
2 1/4 Times Base	\$ 347,013,277	
4 1/2 Times Base		694,026,554
3 3/4 Times Base		
3 1/4 Times Base		
3 Times Base		
7 Times Base		
	<hr/>	<hr/>
<b>Total Debt Limitation</b>	<b>\$ 347,013,277</b>	<b>694,026,554</b>
	<hr/>	<hr/>
<b>Indebtedness:</b>		
Bonds Payable	\$ 161,495,040	300,527,604
School Grants Receivable		(69,189,393)
Bonds Authorized and Unissued	<hr/>	<hr/>
	15,128,222	219,995,478
	<hr/>	<hr/>
<b>Total Indebtedness of the City</b>	<b>\$ 176,623,262</b>	<b>451,333,689</b>
	<hr/>	<hr/>
<b>Component Unit Indebtedness:</b>		
New Haven Parking Authority	<hr/>	<hr/>
	24,800,000	
	<hr/>	<hr/>
<b>Total Indebtedness</b>	<b>\$ 201,423,262</b>	<b>451,333,689</b>
	<hr/>	<hr/>
<b>Debt Limitation In Excess of Outstanding and Authorized Debt</b>	<b>\$ 145,590,015</b>	<b>242,692,865</b>
	<hr/>	<hr/>

**SCHEDULE 14**

			\$ 154,152,809
			<u>75,314</u>
			\$ <u><u>154,228,123</u></u>
<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>	<u>Total</u>
578,355,461	501,241,400	462,684,369	1,079,596,861
<u>578,355,461</u>	<u>501,241,400</u>	<u>462,684,369</u>	<u>1,079,596,861</u>
57,644,401	15,477,575		535,144,620
9,973,216	328,267		(69,189,393)
<u>67,617,617</u>	<u>15,805,842</u>	<u>-</u>	<u>245,425,183</u>
			711,380,410
			<u>24,800,000</u>
<u>67,617,617</u>	<u>15,805,842</u>	<u>-</u>	<u>736,180,410</u>
<u><u>510,737,844</u></u>	<u><u>485,435,558</u></u>	<u><u>462,684,369</u></u>	<u><u>343,416,451</u></u>

CITY OF NEW HAVEN, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
YEAR ENDED AUGUST 31, 2005

Grand List Year	Balance Uncollected August 31, 2004	Adjustments To Beginning Balance *	Current Levy	Additions (Deletions)	Transfers To Suspense	Adjusted Tax Receivable
1988	\$ 43,644			(43,644)		-
1989	69,851	(3,434)		(23,312)		43,105
1990	203,613	(107,663)		(31,352)		64,598
1991	862,254	(657,925)		(76,332)		127,997
1992	357,354	(63,915)		(107,727)		185,712
1993	339,956	(4,229)		(115,812)		219,915
1994	264,734	(21,457)		(74,479)		168,798
1995	131,731	137,838		(84,503)		185,066
1996	418,550	59,693		(138,188)		340,055
1997	488,737	(54,518)		(118,849)		315,370
1998	354,331	79,412		(113,784)		319,959
1999	490,336	(39,807)		(109,420)		341,109
2000	1,507,992	(841)		(138,093)	(889,989)	479,069
2001	2,049,565	163,744		(1,315,119)	(128,374)	769,816
2002	4,046,640	(1)		(1,738,786)	(151,138)	2,156,715
Prior Years						
Total	\$ 11,629,288	(513,103)	-	(4,229,400)	(1,169,501)	5,717,284
2003	-		156,561,967	(4,035,177)	(189,542)	152,337,248
	\$ <u>11,629,288</u>	<u>(513,103)</u>	<u>156,561,967</u>	<u>(8,264,577)</u>	<u>(1,359,043)</u>	<u>158,054,532</u>

\* Note: Adjustments were made to the beginning balances for the Grand List Years 1989 through 2002 to correct for prior year reporting of incorrect suspense and lawful correction amounts.

These adjustments did not effect actual tax collections or tax revenue recognized and recorded.

\*\* Note: During the year ended June 30, 2005 there were court settlements regarding tax appeals from the revaluation completed for the City in 2001 which resulted in the taxpayers' favor. The tax transfers were reallocations of tax collections received for the 2001 Grand List and allocated to later Grand List years.

These adjustments have no effect on the net change in Fund Balance for this or any previous year.

SCHEDULE 15

General Taxes	Tax Collections Transfers**	Collections			Total	Balance Uncollected August 31, 2005
		General Taxes (Net of Transfers)	Interest and Fees			
					-	-
3,769	175	3,944	20,401	24,345	39,161	
7,008	184	7,192	20,127	27,319	57,406	
10,358	262	10,620	24,182	34,802	117,377	
16,891	(327)	16,564	34,020	50,584	169,148	
28,499	(327)	28,172	51,508	79,680	191,743	
10,923		10,923	18,207	29,130	157,875	
24,164		24,164	36,583	60,747	160,902	
87,796	3,354	91,150	141,341	232,491	248,905	
90,945	1,976	92,921	99,542	192,463	222,449	
100,775	2,254	103,029	90,791	193,820	216,930	
112,323	1,974	114,297	81,465	195,762	226,812	
230,007	301	230,308	127,273	357,581	248,761	
759,817	(1,211,374)	(451,557)	235,139	(216,418)	1,221,373	
<u>1,853,011</u>	<u>(1,226,124)</u>	<u>626,887</u>	<u>433,459</u>	<u>1,060,346</u>	<u>1,529,828</u>	
3,336,286	(2,427,672)	908,614	1,414,038	2,322,652	4,808,670	
<u>149,063,884</u>	<u>823,015</u>	<u>149,886,899</u>	<u>850,883</u>	<u>150,737,782</u>	<u>2,450,349</u>	
<u>152,400,170</u>	<u>(1,604,657)</u>	<u>150,795,513</u>	<u>2,264,921</u>	<u>153,060,434</u>	<u>7,259,019</u>	

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