

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

CITY OF NEW HAVEN, CONNECTICUT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page Number</u>
Financial Section:		
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	A	4-7
Statement of Activities	B	8-9
Fund Financial Statements:		
Balance Sheet – Governmental Funds	C	10-13
Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds	D	14-17
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balances of Governmental Funds to the Statement of Activities	E	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	F	19
Statement of Net Assets – Proprietary Funds	G	20-23
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	H	24-25
Statement of Cash Flows - Proprietary Funds	I	26-29
Statement of Fiduciary Net Assets – Fiduciary Funds	J	30
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	K	31
Notes to the Financial Statements		32-81

CITY OF NEW HAVEN, CONNECTICUT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page Number</u>
Required Supplementary Information:		
Balance Sheet – General Fund	1	82
Schedule of Revenues and Other Financing Sources - Budget and Actual (Non-GAAP Budgetary Basis) General Fund	2	83-85
Schedule of Expenditures and Other Financing Uses - Budget and Actual (Non-GAAP Budgetary Basis) General Fund	3	86-87
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet – Non-major Governmental Funds	4	88-89
Combining Statement of Revenues, Expenditures, and Changes In Fund Balance – Non-major Governmental Funds	5	90-91
Combining Statement of Net Assets – Internal Service Funds	6	92
Combining Statement of Revenues, Expenses, and Changes In Fund Net Assets - Internal Service Funds	7	93
Combining Statement of Cash Flows – Internal Service Funds	8	94
Combining Statement of Employee Retirement Fund Net Assets – Fiduciary Funds	9	95-96
Combining Statement of Changes In Fiduciary Net Assets Fiduciary Funds	10	97
Other Schedules:		
Schedule of Debt Limitation	11	98-99
Schedule of Property Taxes Levied, Collected And Outstanding	12	100-101



LEVITSKY & BERNEY

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Haven, Connecticut, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of New Haven, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the New Haven Parking Authority and the New Haven Coliseum Authority, component units of the City, which represent 3.92 percent, 4.84 percent, and 2.76 percent, respectively, of the assets, net assets, and revenues of the City of New Haven, Connecticut. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the New Haven Parking Authority and the New Haven Coliseum Authority is based on the report of the other auditors.

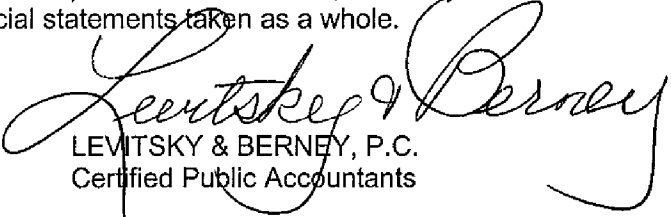
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the New Haven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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Haven, Connecticut as of June 30, 2007, and the respective changes in financial position and, cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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



LEVITSKY & BERNEY, P.C.
Certified Public Accountants

December 27, 2007



CITY OF NEW HAVEN
DEPARTMENT OF FINANCE



John DeStefano Jr.
Mayor

Mark Pietrosimone
City Controller

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of New Haven, we offer readers of the City of New Haven's financial statements this narrative overview and analysis of the financial activities of the City of New Haven for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we furnished in our letter of transmittal.

Overview of Financial Statements

Government-Wide Financial Statements

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

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

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

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

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

Business Type Activities – The business type activities of the City of New Haven consist of the Water Pollution Control Authority, Golf Course Enterprise Fund, Skating Rink Enterprise Fund, Radio Tower Enterprise Fund and the Transfer Station Enterprise Fund.

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City of New Haven's combined net assets increased from a year ago by about \$106.6 million to \$551,338,114, but the total assets exceed total liabilities at the close of the most recent fiscal year by \$551 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets

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

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

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

Table 2
Changes in Net Assets

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

Financial Highlights

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

Fund Balance, Ratings and City Debt

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

The year ending audited Fund Balance for FY 07 is \$14,772,550, which reflects a 13.04% increase over the previous year.

Rating Agencies look to fund balance as a barometer of fiscal health for the City. These rating agencies rate the risk for investors willing to buy debt issued for the purpose of financing the City's capital projects. The higher ratings translate into lower interest costs on capital borrowings. The City sold \$39.5 million in general obligation bonds in February 07. To do so, the City's current financial health was reviewed by several rating agencies.

The ratings are as follows:

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

Ratings issued in February 2007.

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

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

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

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

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

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

FY 07 General Fund Budget

The Board of Aldermen originally approved the FY 07 City General Fund Budget on May 22, 2006 in compliance with City Charter requirements. The Connecticut State Legislature had not yet completed the State's budget. After the State budget process was completed, certain State Revenue items listed in the City's recently adopted budget needed to be changed. The City revised its FY 07 budget and received approval from the Board of Aldermen on June 4, 2007.

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

Beginning with the submission of the January 2007 Monthly Report, City Administrators projected several deficit areas in the general fund budget. In accordance with City Ordinance Section 2-389, "Action to eliminate a Projected Deficit", the monthly report contained a plan of action to avert the potential deficit areas as indicated by City Administrators and to balance the budget. The plan included a strict expenditure controls program, including a freeze on personnel hiring, stricter oversight over Police and Fire overtime spending, and pre-approval of all non personnel spending. In addition, initiatives were established on the revenue side of the budget. Sustain property tax collections program, initiation of a personal property tax audit program, increase the parking tag collection program and the sale of certain City assets.

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

Internal Service Funds:

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

Self Insurance:

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

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

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

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

Medical Self -Insurance:

As a self insured entity, the City covers all associated costs for its employees medical insurance, Anthem Health Care Plans is the Third Party Administrator and the City uses the Anthem Health Care network. The Medical Self Insurance account ended with a slight deficit of \$43,215 for the year ending June 30, 2007. There was a 17% increase in total expenditures from \$64,230,292 spent in FY 06 to \$66,195,383 spent in FY 2007. Besides inflationary factors, the increase in cost is mainly due to an in utilization and to a lesser degree to an increase in cost per service. Annually, the City solicits proposals from Insurance Companies interested in providing excess "stop loss" medical benefit insurance, however, cost/benefit analysis have not yet demonstrated a benefit to the City. The City has been able to obtain this insurance for FY 2008, with a stop gap limit of \$1 million.

Worker's Compensation:

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

Capital Project Funds:

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

The Office of the Controller enforces certain spending controls in its administration and expenses for Capital Projects. All Capital expenditures must be appropriate in their use as stated in the capital funds narrative. The City implemented the Capital Funds Borrowing Plan in fiscal year 2003. This plan initiated a review of all outstanding capital appropriations for their importance and priority. It also defines the life of a capital appropriations and established procedures so that capital borrowings meet the financial parameters established in the Capital Funds Borrowing Plan. The review of capital appropriations successfully resulted in the closing out of various capital accounts when projects were completed and funds remained unspent and un-obligated. This review completed the reconciling of expenditures and revenue in all, previously authorized capital authorizations.

Pension Funds:

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

Since the approval of the FY 95 budget, the City has contributed 100% of the actuarial recommendations to its two employee retirement funds. The City Employees Retirement Fund's (CERF) market value of plan assets has grown from \$84,075,100 (as of 6-30-92) to \$213,921,876 (as of November 30, 2007). The Police & Fire Retirement Fund (P&F) market value of plan assets has grown from \$115,987,200 (as of 6-30-92) to \$318,401,155 (as of September 30, 2007). Per actuarial evaluation.

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

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

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

Tax Collections

Current Taxes

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

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

Delinquent Taxes

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

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

Conclusion:

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

Mark Pietrosimone,
Controller.

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS
 JUNE 30, 2007

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

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

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

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2007

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

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

COMPONENT UNITS

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

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

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

General Revenues:

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

Change In Net Assets

Net Assets-Beginning

Net Assets-Ending

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

Net (Expense) Revenue and
Changes in Net Assets

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

CITY OF NEW HAVEN, CONNECTICUT

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

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

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

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

CITY OF NEW HAVEN, CONNECTICUT

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

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

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

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

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

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

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

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

Net Assets of Governmental Activities

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

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

CITY OF NEW HAVEN, CONNECTICUT

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

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

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

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

CITY OF NEW HAVEN, CONNECTICUT

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

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

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

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

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

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 12,769,835
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	100,923,056
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(6,029,313)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,450,959
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(3,196,823)
Internal service funds are used by management to charge the costs of liability and medical insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>(1,539,927)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 106,377,787</u>

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

This page intentionally left blank

CITY OF NEW HAVEN, CONNECTICUT

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

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

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

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

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

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

CITY OF NEW HAVEN, CONNECTICUT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

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

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

CITY OF NEW HAVEN, CONNECTICUT

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

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

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

CITY OF NEW HAVEN, CONNECTICUT

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

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

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

CITY OF NEW HAVEN, CONNECTICUT

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

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

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

CITY OF NEW HAVEN, CONNECTICUT

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

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

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

CITY OF NEW HAVEN, CONNECTICUT

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

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

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