

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**TOWN OF EAST HAMPTON,
CONNECTICUT**

FOR THE YEAR ENDED

JUNE 30, 2011

**PREPARED BY:
THE FINANCE DEPARTMENT**

JEFFERY M. JYLKKA, FINANCE DIRECTOR

TOWN OF EAST HAMPTON, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

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Introductory Section

TOWN OF EAST HAMPTON, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2011

TOWN COUNCIL

Melissa H. Engel, Chairperson
John W. Tuttle, Vice Chairman
Chatham Carillo
Thomas M. Cordeiro
Christopher J. Goff
Barbara W. Moore
Susan B. Weintraub

BOARD OF FINANCE

Matthew Walton, Chairman
Tim Csere, Vice Chairperson
Patience Anderson
Tom O'Brien
Maria Peplau
George Pfaffenbach
Henry G. Thorpe

BOARD OF EDUCATION

Michael J. Vasquenza, Chairman
Joanne Barmasse
Donald Coolican
Glen Gemma
Carol Lane
Mark Laraia
Josh Piteo
Debra Robinson
Sheila Wall

Superintendent of Schools

Dr. Judith Golden

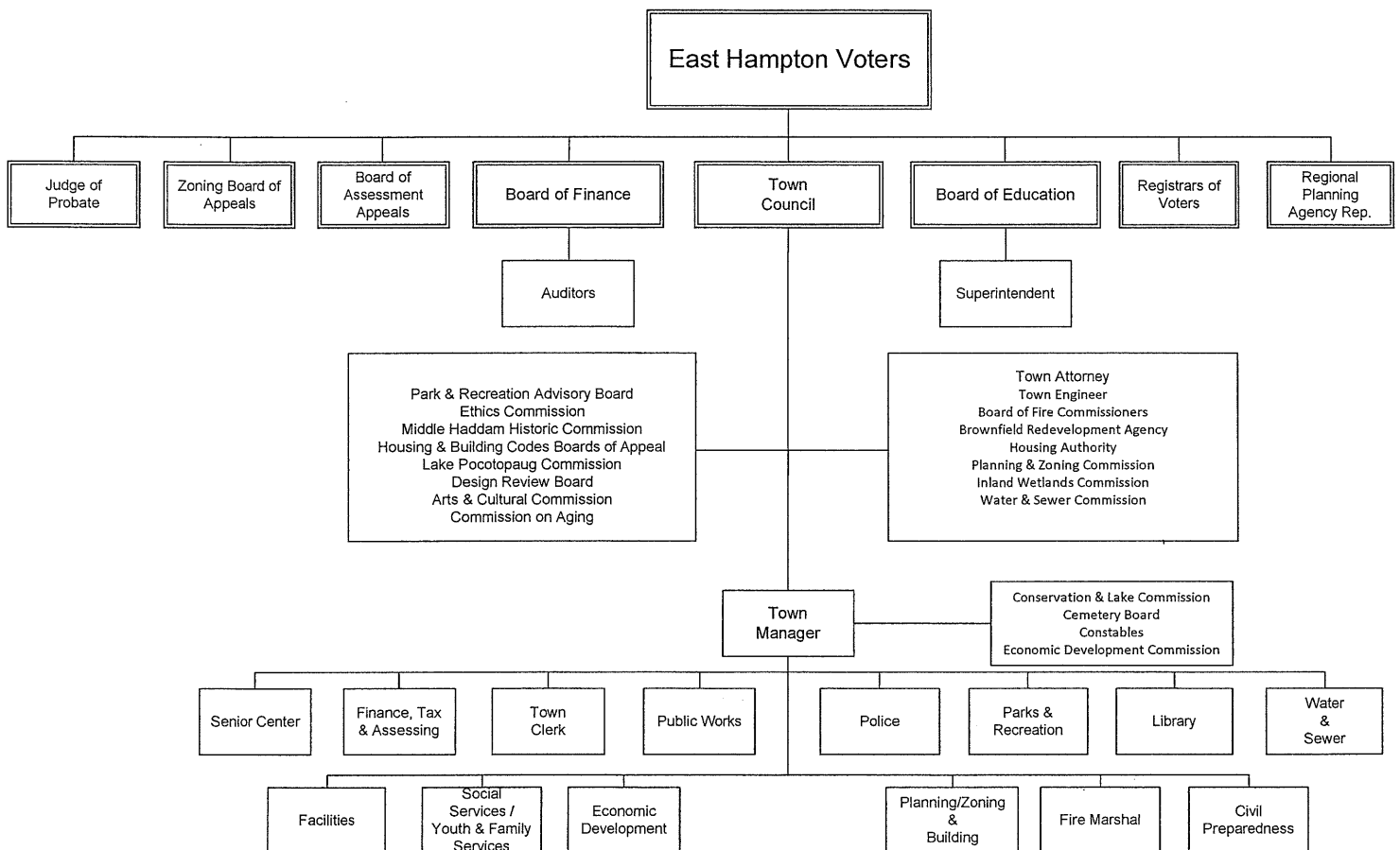
EAST HAMPTON ADMINISTRATIVE OFFICIALS

John Weichsel, Interim Town Manager

Library Director
Planning, Zoning and Building Administrator
Senior Center Director
Facilities Manager
Public Works Superintendent
Director of Finance
Director of Parks & Recreation
Director of Youth & Family Services
Police Chief
Fire Chief
Public Utilities Administrator
Fire Marshal
Town Clerk

Susan M. Berescik
James P. Carey
Jo Ann H. Ewing
Frank J. Grzyb
Keith Hayden
Jeffery M. Jylkka
Ruth Plummer
Wendy Regan
Matthew A. Reimondo
Paul Owen
Vincent F. Susco, Jr.
Rich Klotzbier
Sandra M. Wieleba

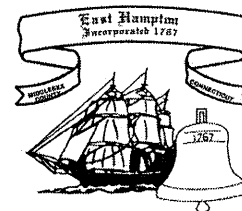
Town of East Hampton, Connecticut
Organizational Chart



John Weichsel
Interim Town Manager
860.267.4468

Jeffery M. Jylkka
Finance Director
860.267.7548

TOWN OF EAST HAMPTON
20 EAST HIGH STREET
EAST HAMPTON, CT 06424



December 28, 2011

To the Town Manager, Members of the Town Council, Members of the Board of Finance and Citizens of the Town of East Hampton, Connecticut.

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of East Hampton for the year ended June 30, 2011. The report includes the report of independent public accountants as required by Connecticut Statutes. The report is prepared in conformity with generally accepted accounting principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. Management of the Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

J.H. Cohn LLP, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, have audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of East Hampton, Connecticut for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of East Hampton's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The report of independent public accountants is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town's separately issued Single Audit Report.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town of East Hampton

The Town covers an area of 36.8 square miles in east central Connecticut and is on the east bank of the Connecticut River, approximately 21 miles south of Hartford. East Hampton's topography is dominated by numerous hills interspersed with winding stream valleys and level wetland areas. The Town is traversed by State Routes 16, 66, 151, and 196. Route 66 provides access to Route 2 and Hartford as well as Middletown. There are approximately 91 miles of Town roads. The State maintains approximately 35 miles of highway in East Hampton. The 2011 population was 12,999. The Town was originally settled in 1710.

The Town of East Hampton has a Council-Manager form of government with a Town Council consisting of seven elected members serving concurrent two-year terms and a Board of Finance consisting of seven elected regular members serving overlapping four-year terms. Powers and privileges are conferred and granted to the Town by the Connecticut General Statutes and a Charter which was adopted in 1971, effective 1973 and revised in 1987. The legislative power of the Town is vested with the Town Council and the Town Meeting, which must approve the annual budget, all special appropriations or expenditures, and all bond and note authorizations. The Town Manager is the chief executive officer and chief administrative officer of the Town and is responsible for the administration of all Town matters with the exception of the education system.

The financial administrator of the Town is the Director of Finance. The Director of Finance serves as Treasurer for the Town and Business Manager for the Board of Education and is responsible for the operation and supervision of the Department of Finance. The Director of Finance has full supervisory responsibilities for the keeping of accounts and financial records; the receipt of operating and other revenues; the custody and disbursement of Town and Board of Education funds and money; the control over expenditures and budget functions. The Collector of Revenue and the Assessor work under the supervision of the Director of Finance. The Assessor's Office discovers lists and prices real estate, personal property and motor vehicles for the purpose of taxation. The Tax Collector's Office bills, collects, processes and deposits taxes, interest and fees on all taxable property in the Town.

The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the budget referendum. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, Exhibit L (II) A in the Notes to the Basic Financial Statements describes the budget process used by the Town.

Local Economy and Major Initiatives

East Hampton is a residential community with a light industrial tax base and limited seasonal resorts. Principal industries include manufacture of bells, pharmaceuticals, tools and dies, and forestry. East Hampton has been fortunate that foreclosure rates are below regional, state and national levels. Unemployment rates however have increased 10% to 9.6% and are slightly above regional, state and national levels. East Hampton's existing development has occurred primarily on the major roadways, Routes 16, 151, and particularly, Route 66. Principal non-residential development has occurred in three historic centers – Cobalt, Middle Haddam, and East Hampton Center. High-density residential development is concentrated around East Hampton Center and Lake Pocotopaug. Approximately 720 acres remain as active farmland, mostly as field crops.

Construction of a town-wide water system has been put on hold as a result of the instability in the economy. Renovations to the High School are being discussed and major renovations to the Senior Center have begun. The Senior Center project is being funded through the State's Small Cities Grant program as well local funds. The Town received two Economic Assistance grants for the construction of a performance gazebo located at Sears Park as well as for improvements to the Airline Trail. These projects are in the design phase and are anticipated to be complete by the end of the 2012 fiscal year. A roof replacement project for Memorial School was approved during the year and construction is anticipated to begin by the end of the 2012 fiscal year.

Residential housing values throughout the Town have remained flat compared to a year ago. Building permits for residential development have moderately decreased compared to last year.

The Town of East Hampton is well positioned to accept and meet the challenges posed by the 21st century. The Town has a low debt burden which is planned for quick retirement; and its pension plans remain at high funding levels. Conservative budgeting practices has enabled the Town to increase its unassigned fund balance 6.5% over last year. These facts are echoed within the municipal credit industry. The Town has continued to maintain its "AA" debt rating from Standard & Poor's Ratings Services and "Aa3" rating from Moody's Investor Service.

Long-Term Financial Planning

The Town issued no debt during fiscal year 2011. The Town intends to issue short term debt during fiscal year 2012 which will finance the Memorial School roof and oil tank replacement projects. As stability returns to the economy the Town will continue its planning for the town-wide water system. Renovations to the high school will be given more consideration as the educational needs are assessed. The Town has recently approved a major road improvement project that is anticipated to begin by the end of the 2012 fiscal year and continue through the end of the 2015 fiscal year.

Relevant Financial Policies

The Town's financial policies have been applied consistently with the prior year and had no notable current year effect on the financial statements. During the year the Town implemented an updated fund balance policy in accordance with GASB Statement 54. There were no developments at the State level that impacted the current year financial statements.

Awards and Acknowledgements

The Town of East Hampton is submitting its June 30, 2011 report for consideration of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Each member has my sincere appreciation for their contributions made in the preparation of this report. In particular, Teresa Shulman, who continued to provide service above and beyond the call of duty and at the highest level of professionalism. We also appreciate the professional service and assistance rendered by J.H. Cohn LLP.

This comprehensive annual financial report reflects a commitment to the citizens of East Hampton, the Town Council, the Board of Finance, and all concerned readers of this report, to provide information in conformance with the highest standards of financial accountability.

Respectfully submitted,



Jeffery M. Jylkka
Finance Director

Financial Section

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Finance
Town of East Hampton, Connecticut

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of East Hampton, Connecticut, as of June 30, 2011, and the respective changes in financial position, and where applicable, cash flows 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 28, 2011, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Town of East Hampton, Connecticut
Page Two

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, East Hampton Retirement and Other Post Employment Benefit Plans, Schedule of Funding Progress, and Schedule of Employer Contributions on Pages 8 through 17 and Pages 58 and 59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Hampton, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Hampton, Connecticut's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

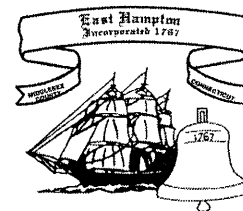
JH Cohn, LLP

Farmington, Connecticut
December 28, 2011

John Weichsel
Interim Town Manager
860.267.4468

Jeffery M. Jylkka
Finance Director
860.267.7548

TOWN OF EAST HAMPTON
20 EAST HIGH STREET
EAST HAMPTON, CT 06424



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

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

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$79,485,492 (*net assets*). Of this amount, \$8,466,520 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- Unrestricted net assets increased by \$1,040,526 from the prior year, primarily due to an increase in net assets of \$151,213 in the internal service fund, and the change in estimate of the environmental liability of \$840,000.
- The Town's total net assets increased by \$2,100,814. The increase is due substantially to the items noted above for the increase in unrestricted net assets as well as other long-term liability activity basis differences.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,058,573, an increase of \$335,539 in comparison with the prior year. This increase is a result of positive operations of \$267,247 in the General Fund and a \$172,190 positive operating activity in the Capital Reserve Fund as a result of timing of funding and capital purchases. \$6,710,534 of the total fund balance is non-spendable, restricted, committed or assigned, leaving an *unassigned fund balance* in the amount of \$4,348,039.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,350,654, an increase of \$267,247 in comparison with the prior year. This represents 11.3% of total budgetary general fund expenditures and transfers out.

Overview of the Basic Financial Statements

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

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

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

You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

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

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

Fund financial statements. The fund financial statements provide detailed information about the most significant funds; not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town establishes many other funds to help it maintain control and manage money that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance related legal requirements for using certain grants. All of the funds of the Town can be divided into three categories: governmental funds, proprietary and fiduciary funds.

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

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

The Town maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, capital initiatives fund, and capital reserves fund all of which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in Schedules 5 and 6 in this report.

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

Proprietary fund. The Town maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its self-insured medical benefits and various other self-insured risks. Because these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The data for the internal service fund is provided in Exhibits G, H, and I of this report.

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

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

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

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found in Schedules 5 through 6 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. The Town's combined net assets increased by 2.7% from a year ago – increasing from \$77,384,678 to \$79,485,492.

By far the largest portion of the Town's net assets (85.54%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF EAST HAMPTON, CONNECTICUT

**SUMMARY STATEMENT OF NET ASSETS
JUNE 30, 2011 AND 2010**

	2011	2010
Current and other assets	\$ 17,242,132	\$ 16,285,507
Capital assets, net of accumulated depreciation	75,360,082	75,732,503
Total assets	92,602,214	92,018,010
Long-term liabilities outstanding	9,446,439	10,963,068
Other liabilities	3,670,283	3,670,264
Total liabilities	13,116,722	14,633,332
Net Assets:		
Invested in capital assets, net of related debt	67,987,584	66,932,674
Restricted	3,031,388	3,026,010
Unrestricted	8,466,520	7,425,994
Total Net Assets	\$ 79,485,492	\$ 77,384,678

A portion of the Town's net assets (3.81%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (10.65%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities increased the Town's net assets by \$2,100,814. Key elements of this increase are as follows:

TOWN OF EAST HAMPTON, CONNECTICUT

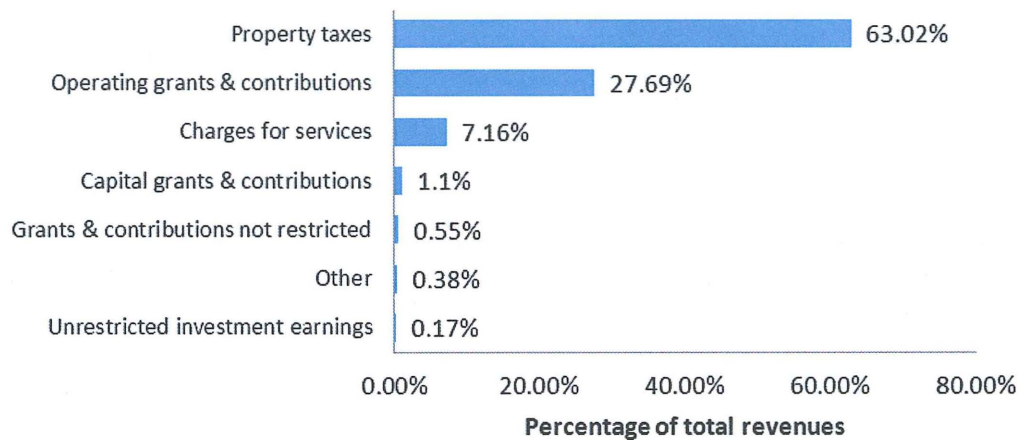
**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEARS ENDING JUNE 30, 2011 AND 2010**

	2011	2010
REVENUES:		
Program revenues:		
Charges for services	\$ 3,307,165	\$ 3,605,843
Operating grants and contributions	12,786,945	12,048,503
Capital grants and contributions	496,985	1,196,987
General revenues:		
Property taxes	29,078,949	27,760,475
Grants and contributions not restricted to specific programs	251,865	264,189
Investment income	80,509	142,627
Other	174,713	304,570
TOTAL REVENUES	46,177,131	45,323,194
EXPENSES:		
General government	2,443,122	3,175,055
Public safety	2,737,441	2,882,654
Civic and human services	362,272	477,033
Public works	5,325,891	4,792,395
Education	31,018,794	29,863,970
Regulatory	509,982	647,805
Culture and recreation	1,366,556	1,440,829
Interest	312,259	368,987
TOTAL EXPENSES	44,076,317	43,648,728
CHANGE IN NET ASSETS	2,100,814	1,674,466
NET ASSET - JULY 1	77,384,678	75,710,212
NET ASSETS - JUNE 30	\$ 79,485,492	\$ 77,384,678

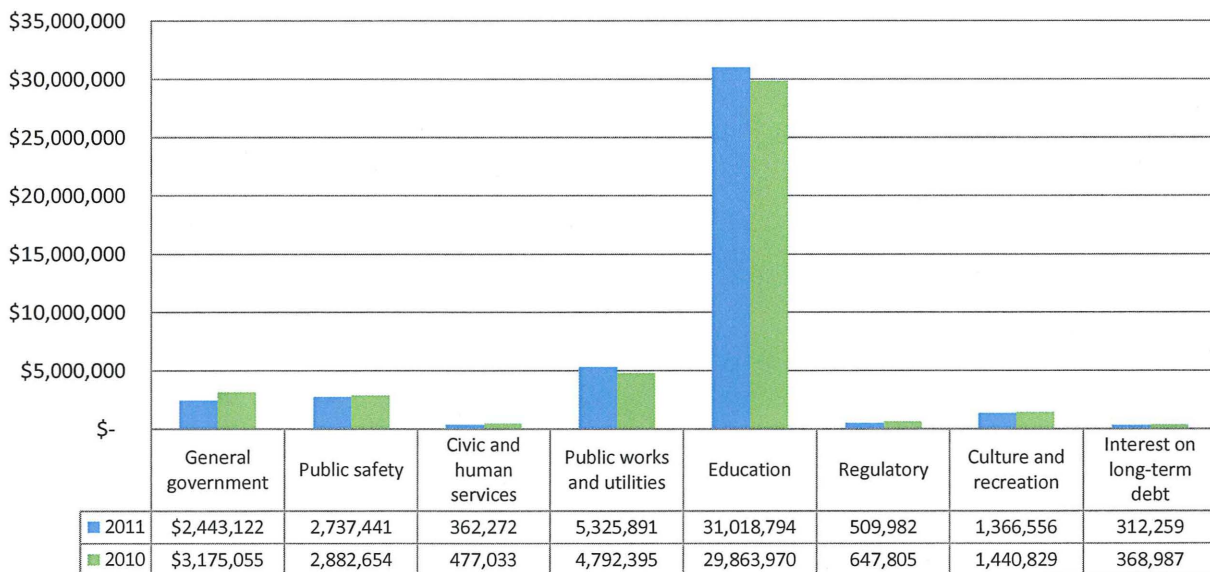
- Property tax revenues increased by \$1,318,474 due to a .97% increase in the tax rate in addition to support the adopted budget.
- The \$700,002 decrease in capital grants and contributions was substantially due to a grant received in fiscal year 2010 for \$500,000 related to the purchase of an easement and land. In addition, donated roads for fiscal year 2011 decreased as compared to the prior fiscal year by approximately \$275,000.

- Public works expenses increased by \$533,496 substantially due to decrease in the amount of non-capitalized construction and improvement amounts as compared to prior year.
- General Government expenses decreased by \$731,933 substantially due to the revised estimated liability amount related to the brownfield liability for 103 Main Street net with current year project expenses for an aggregate reduction of approximately \$350,000. In addition, there was a decrease of approximately \$250,000 in non-capitalized spending from the Capital Reserve Fund.
- Board of Education expenses increased by \$1,154,824 as a result of increases in contractual obligations, including teachers' salaries and benefits. Snow removal and heating oil costs also contributed to the increase.

Revenue by Source - Governmental Activities



Expenses by Function - Governmental Activities



Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,058,573. \$6,710,534 is not available for new spending because it has already been classified as 1) non-spendable as endowments of the library permanent trust fund (\$15,500), 2) restricted (\$3,015,888), 3) committed (\$3,183,240), and 4) assigned (\$495,906).

The total fund balance increased by \$335,539 to \$11,058,573. This increase is a result of positive operations of \$267,247 in the General Fund and a \$172,190 positive operating activity in the Capital Initiatives Fund as a result of timing of funding and capital purchases.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,350,654. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 11.3 % of total general fund expenditures and transfers out.

The fund balance of the Town's general fund increased by \$267,247 during the current fiscal year due to favorable back tax collections, savings relating to vacant positions and teacher salary concessions.

Capital Initiatives Fund. This fund accounts for financial resources to be used for the acquisition of major equipment or construction of facilities. The capital initiatives fund's revenues exceeded its expenditures by \$34,124 substantially as a result of miscellaneous receipts during the year.

Capital Reserve Fund. This fund accounts for financial resources to be used for capital and non-recurring projects. This primary source of funding is an annual appropriation from the General Fund. The capital reserve fund's revenues and transfers in exceeded its expenditures by \$172,190 as a result of timing of funding and capital purchases.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$795,290. The increase in budget can be briefly summarized as follows:

Revised revenue appropriations of \$794,490 were approved for the annual supplemental appropriation to the Board of Education for the special education excess cost grant. The Public Works Department received a revised revenue appropriation for \$800 relating to a grant match.

Other significant transfers done during the year were as follows:

- The transfers out appropriation line received transfers from the General Government Employee benefits account (\$157,700), Contingency account (\$46,300) and the Transfer Station overtime account (\$5,000) to provide funding to the Capital Reserve fund for upgrades to public safety and public works radios.
- The Legal Defense/Fee account received transfers of \$110,400 from the Engineering, Economic Development and Conservation and Lake Commission accounts.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental type activities as of June 30, 2011, amounts to \$75,360,082 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, roads, bridges, intangible assets and construction in progress. The total decrease in the Town's investment in capital assets for the current fiscal year was \$372,421 (.49%). This decrease is largely due to depreciation expense in excess of the capital asset additions for the fiscal year. Only those assets which cost \$5,000 or more with a useful life exceeding one year are capitalized. Assets costing less than \$5,000 are expensed.

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

- Construction in progress relating to the Flanders Road project (\$283,143)
- The donation of 4 roads (\$380,000)
- The completion of the Streetscape project (\$391,556)

TOWN OF EAST HAMPTON, CONNECTICUT

CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)

	2011	2010
Land	\$ 2,334,242	\$ 2,334,242
Intangible assets (net of accumulated amortization)	741,300	749,650
Construction in progress	2,962,809	2,953,555
Buildings	30,253,908	30,948,365
Improvements other than buildings	617	617
Machinery and equipment	3,533,296	3,591,831
Infrastructure	35,533,910	35,154,243
Total	<u>\$ 75,360,082</u>	<u>\$ 75,732,503</u>

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

Long-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$7,040,000. All debt is backed by the full faith and credit of the Town. The remainder of the Town's debt represents notes totaling \$373,182 due to the State of Connecticut Clean Water Fund.

**OUTSTANDING DEBT
LONG - TERM OBLIGATIONS**

	2011	2010
General obligation bonds	\$ 7,040,000	\$ 8,410,000
Clean water notes	373,182	445,565
Total	<u>\$ 7,413,182</u>	<u>\$ 8,855,565</u>

The town maintains a "AA" bond rating from Standard and Poor's and a "Aa3" rating from Moody's Investor Service.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$201,940,109, which is significantly in excess of the Town's outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town is currently 9.6% which is an increase from a rate of 8.7% a year ago. This is higher than both the state's average unemployment rate of 9.1% and the Hartford Labor Market rate of 9.2%. While Connecticut is still below the national average of 9.2%, the overall trend has been clearly negative.
- Inflationary trends in the region compare favorably to national indices.
- The Town receives intergovernmental revenues from the State of Connecticut. The State of Connecticut was awarded in excess of \$3.5 billion in federal stimulus funds, of that amount approximately \$500 million was passed through to Boards of Education throughout the State. This funding will no longer be available beginning in 2012 and if not supplemented, will impact the amount of grants the Town receives for education.
- Connecticut's economy moves in the same general cycle as the national economy, and at this point, the State and nation are in a recovery period which has affected the amount of intergovernmental revenues the Town will receive in fiscal year 2012 and thereafter.
- Residential construction decreased with approximately 18 new building permits issued this year compared to 38 issued in 2010. This decrease negatively affects fee revenue in the Building Department, as well as the Town Clerk's Department.

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

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director's Office, Town of East Hampton, 20 East High Street, East Hampton, CT 06424.

Basic Financial Statements

TOWN OF EAST HAMPTON, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2011

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 8,243,349
Investments.....	4,397,734
Receivables:	
Property taxes.....	676,591
Assessments.....	105,405
Intergovernmental.....	1,046,485
Loan.....	600
Other.....	46,499
Other assets.....	24,514
Total current assets.....	14,541,177
Noncurrent assets:	
Restricted assets:	
Temporarily restricted investments.....	823
Permanently restricted investments.....	15,500
Total restricted assets.....	16,323
Receivables (net):	
Property taxes.....	649,852
Assessments.....	128,301
Intergovernmental.....	329,388
Loan.....	181,157
Total receivables (net).....	1,288,698
Other noncurrent assets:	
Net pension asset.....	1,311,162
Other.....	84,772
Total other noncurrent assets.....	1,395,934
Capital assets (net of accumulated depreciation):	
Land.....	2,334,242
Intangible assets (net of accumulated amortization).....	741,300
Construction in progress.....	2,962,809
Buildings.....	30,253,908
Improvements other than buildings.....	617
Machinery and equipment.....	3,533,296
Infrastructure.....	35,533,910
Total capital assets (net of accumulated depreciation).....	75,360,082
Total noncurrent assets.....	78,061,037
TOTAL ASSETS.....	92,602,214

(Continued)

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

TOWN OF EAST HAMPTON, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2011

	GOVERNMENTAL ACTIVITIES
<u>LIABILITIES</u>	
LIABILITIES:	
Current liabilities:	
Accounts payable and other liabilities.....	\$ 1,961,258
Accrued interest payable.....	112,000
Unearned revenue.....	488,738
Bonds and notes payable.....	998,844
Compensated absences.....	109,443
Total current liabilities.....	3,670,283
Noncurrent liabilities:	
Bonds and notes payable.....	6,373,654
Compensated absences.....	1,454,024
Net OPEB obligation.....	713,438
Environmental obligation.....	750,000
Other.....	155,323
Total noncurrent liabilities.....	9,446,439
TOTAL LIABILITIES.....	13,116,722
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt.....	67,987,584
Restricted for:	
Endowments:	
Nonexpendable.....	15,500
Expendable.....	823
Public works.....	2,986,856
Education.....	28,209
Unrestricted.....	8,466,520
TOTAL NET ASSETS.....	\$ 79,485,492

(Concluded)

TOWN OF EAST HAMPTON, CONNECTICUTSTATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
					GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:					
General government.....	\$ 2,443,122	\$ 310,197	\$ 351,606	\$ 88,900	\$ (1,692,419)
Public safety.....	2,737,441	48,487	10,909		(2,678,045)
Civic and human services.....	362,272	525	46,101		(315,646)
Public works and utilities.....	5,325,891	2,116,544	668,524	408,085	(2,132,738)
Education.....	31,018,794	517,287	11,693,868		(18,807,639)
Regulatory.....	509,982	95,970			(414,012)
Culture and recreation.....	1,366,556	218,155	15,937		(1,132,464)
Interest expense.....	312,259				(312,259)
TOTAL.....	\$ 44,076,317	\$ 3,307,165	\$ 12,786,945	\$ 496,985	\$ (27,485,222)
GENERAL REVENUES:					
Property taxes.....					\$ 29,078,949
Grants and contributions not restricted to specific programs.....					251,865
Investment income.....					80,509
Other.....					174,713
TOTAL GENERAL REVENUES.....					29,586,036
CHANGE IN NET ASSETS.....					2,100,814
NET ASSETS - JULY 1, 2010.....					77,384,678
NET ASSETS - JUNE 30, 2011.....					\$ 79,485,492

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

TOWN OF EAST HAMPTON, CONNECTICUT

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	GENERAL	CAPITAL INITIATIVES	CAPITAL RESERVE	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS					
Cash.....	\$ 3,694,704	\$ 3,203,622	\$	\$ 1,120,400	\$ 8,018,726
Investments.....	1,825,559			2,588,498	4,414,057
Receivables:					
Property taxes.....	1,111,202				1,111,202
Assessments and user charges.....				181,116	181,116
Intergovernmental	99,329	338,072		438,007	875,408
Loans.....				213,832	213,832
Other.....	23,519			22,980	46,499
Due from other funds.....	413,468	13,693	2,173,863	1,392,057	3,993,081
Other.....				10,324	10,324
TOTAL ASSETS.....	\$ 7,167,781	\$ 3,555,387	\$ 2,173,863	\$ 5,967,214	\$ 18,864,245
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables.....	\$ 1,363,294	\$ 91,600	\$ 108,749	\$ 370,911	\$ 1,934,554
Due to other funds.....	289,998	3,275,922		430,455	3,996,375
Deferred revenue.....	990,207			395,798	1,386,005
Unearned revenue.....	173,628			315,110	488,738
Total liabilities.....	2,817,127	3,367,522	108,749	1,512,274	7,805,672
Fund balances:					
Nonspendable.....				15,500	15,500
Restricted.....				3,015,888	3,015,888
Committed.....		187,865	2,065,114	930,261	3,183,240
Assigned.....				495,906	495,906
Unassigned.....	4,350,654			(2,615)	4,348,039
Total fund balances	4,350,654	187,865	2,065,114	4,454,940	11,058,573
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 7,167,781	\$ 3,555,387	\$ 2,173,863	\$ 5,967,214	\$ 18,864,245

(Continued)

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

TOWN OF EAST HAMPTON, CONNECTICUT

**RECONCILIATION OF FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET. THE DETAILS OF THIS DIFFERENCE ARE AS FOLLOWS:

TOTAL FUND BALANCE (EXHIBIT C, PAGE 1).....	\$	11,058,573
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning capital assets.....		75,732,503
Current capital asset additions.....		1,338,934
Depreciation expense.....		(1,709,036)
Disposal and sale of capital assets.....		(2,319)

OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS:

Property tax and sewer assessment interest and lien accrual.....		363,831
Property tax, sewer assessment, and community development block grant receivable - accrual basis change....		1,386,005
School building grant receivable.....		500,465
Allowance for doubtful accounts.....		(128,075)
Net pension asset.....		1,311,162
Other.....		98,962

INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COST OF DENTAL INSURANCE PREMIUMS TO INDIVIDUAL DEPARTMENTS:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....		201,213
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SOME LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Bonds and notes payable.....		(7,413,182)
Premium.....		(54,575)
Deferred charge on refunding.....		95,259
Compensated absences.....		(1,563,467)
Net OPEB obligation.....		(713,438)
Environmental obligation.....		(750,000)
Other.....		(155,323)
Accrued interest payable.....		(112,000)

NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT A).....	\$	<u>79,485,492</u>
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(Concluded)

TOWN OF EAST HAMPTON, CONNECTICUT

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

	GENERAL	CAPITAL INITIATIVES	CAPITAL RESERVE	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:					
Property taxes.....	\$ 28,900,523	\$ 408,085	\$ 88,900	\$ 1,668,050	\$ 28,900,523
Intergovernmental.....	11,369,957			2,840,134	13,534,992
Charges for services.....	428,534				3,268,668
Income on investments.....	31,700	413	5,801	42,595	80,509
Contributions and donations.....				45,691	45,691
Miscellaneous.....	65,998	25,417	12,424	70,874	174,713
TOTAL REVENUES.....	40,796,712	433,915	107,125	4,667,344	46,005,096
EXPENDITURES:					
Current:					
General government.....	3,375,948		165,279	462,744	4,003,971
Public safety.....	2,170,438		48,229	52,664	2,271,331
Public works and utilities.....	1,901,285		315,333	1,998,716	4,215,334
Culture and recreation.....	917,463		59,841	188,872	1,166,176
Civic and human services.....	361,852			194,889	556,741
Regulatory.....	430,430				430,430
Education.....	28,545,580		124,596	1,653,862	30,324,038
Debt service.....	1,661,969			80,633	1,742,602
Capital outlay.....		399,791	311,157	247,986	958,934
TOTAL EXPENDITURES.....	39,364,965	399,791	1,024,435	4,880,366	45,669,557
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,431,747	34,124	(917,310)	(213,022)	335,539
OTHER FINANCING SOURCES (USES):					
Transfers in.....			1,089,500	75,000	1,164,500
Transfers out.....	(1,164,500)			-	(1,164,500)
TOTAL OTHER FINANCING SOURCES (USES).....	(1,164,500)	-	1,089,500	75,000	-
NET CHANGE IN FUND BALANCE.....	267,247	34,124	172,190	(138,022)	335,539
FUND BALANCES AT JULY 1, 2010.....	4,083,407	153,741	1,892,924	4,592,962	10,723,034
FUND BALANCE AT JUNE 30, 2011.....	\$ 4,350,654	\$ 187,865	\$ 2,065,114	\$ 4,454,940	\$ 11,058,573

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

TOWN OF EAST HAMPTON, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
(EXHIBIT B) ARE DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ 335,539

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:

Capital outlay.....	1,338,934
Depreciation expense.....	<u>(1,709,036)</u>
Total.....	<u>(370,102)</u>

The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net assets. In the Statement of Activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

Disposal of capital assets	<u>(2,319)</u>
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the statement of activities:

School building grant receipts.....	(424,888)
Change in property tax, sewer assessment, and community development block grant receivable - accrual basis change.....	154,185
Change in property tax and sewer assessment interest and lien revenue.....	81,445
Change in property tax and sewer assessment allowance for doubtful accounts.....	<u>(18,706)</u>
Total.....	<u>(207,964)</u>

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 these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Net OPEB obligation.....	(229,004)
Bond premium.....	10,351
Deferred charges.....	(25,403)
Other.....	(14,191)
Principal repayments:	
General obligation bonds.....	<u>1,442,383</u>
Total	<u>1,184,136</u>

(Continued)

TOWN OF EAST HAMPTON, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

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:

Compensated absences.....	\$	496
Net pension asset.....		84,873
Accrued interest payable.....		17,202
Environmental obligation.....		840,000
Other.....		67,740
Total		<u>1,010,311</u>
Internal Service Funds are used by management to charge costs of various self-insured risk premiums to individual departments.....		<u>151,213</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B).....	\$	<u>2,100,814</u>

(Concluded)

TOWN OF EAST HAMPTON, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 28,808,091	\$ 28,808,091	\$ 28,900,523	\$ 92,432
Intergovernmental.....	8,579,262	9,374,552	9,345,328	(29,224)
Charges for services.....	486,355	486,355	428,534	(57,821)
Investment income.....	120,000	120,000	31,700	(88,300)
Other.....	6,486	6,486	65,998	59,512
TOTAL REVENUES.....	38,000,194	38,795,484	38,772,083	(23,401)
EXPENDITURES:				
Current:				
General government.....	3,470,118	3,435,193	3,375,948	59,245
Public safety.....	2,203,354	2,183,795	2,170,438	13,357
Public works.....	2,003,720	1,920,033	1,901,285	18,748
Regulatory.....	492,364	447,864	430,430	17,434
Health and human services.....	377,781	370,181	361,852	8,329
Culture and recreation.....	941,080	938,151	917,463	20,688
Education.....	25,879,307	26,673,797	26,520,951	152,846
Debt service.....	1,661,970	1,661,970	1,661,969	1
TOTAL EXPENDITURES.....	37,029,694	37,630,984	37,340,336	290,648
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	970,500	1,164,500	1,431,747	267,247
OTHER FINANCING SOURCES (USES):				
Transfers out.....	(970,500)	(1,164,500)	(1,164,500)	-
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	267,247	\$ 267,247
FUND BALANCE - JULY 1, 2010.....			4,083,407	
FUND BALANCE - JUNE 30, 2011.....			\$ 4,350,654	

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

TOWN OF EAST HAMPTON, CONNECTICUT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>GOVERNMENTAL ACTIVITIES</u>
	<u>INTERNAL SERVICE FUNDS</u>
<u>ASSETS</u>	
Cash.....	\$ 224,623
<u>LIABILITIES</u>	
Claims payable.....	<u>23,410</u>
<u>NET ASSETS</u>	
Unrestricted.....	<u>\$ 201,213</u>

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

EXHIBIT H

TOWN OF EAST HAMPTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	GOVERNMENTAL ACTIVITIES
	INTERNAL SERVICE FUNDS
OPERATING REVENUES:	
Charges for services.....	\$ 425,036
OPERATING EXPENSES:	
Claims incurred.....	255,743
Administration.....	18,080
TOTAL OPERATING EXPENSES.....	273,823
OPERATING INCOME (LOSS).....	151,213
TOTAL NET ASSETS - JULY 1, 2010.....	50,000
TOTAL NET ASSETS - JUNE 30, 2011.....	\$ 201,213

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

EXHIBIT I**TOWN OF EAST HAMPTON, CONNECTICUT**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	GOVERNMENTAL ACTIVITIES	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for charges for services.....	\$ 475,036	
Cash paid for benefits and claims.....	(232,333)	
Cash paid for administration.....	(18,080)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	224,623	
NET CHANGE IN CASH.....	224,623	
CASH - JULY 1, 2010.....		
CASH - JUNE 30, 2011.....	\$ 224,623	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss).....	\$ 151,213	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in:		
Due from other funds.....	50,000	
Increase (decrease) in:		
Claims payable.....	23,410	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 224,623	

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

TOWN OF EAST HAMPTON, CONNECTICUT**STATEMENT OF FIDUCIARY NET ASSETS****FIDUCIARY FUNDS****JUNE 30, 2011**

	Pension Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash.....	\$ 31,275	\$ 558,488
Investments:		
Mutual funds:		
Equity mutual funds.....		43,742
Corporate bond funds.....	6,168,058	
Common stock.....	9,616,993	557,017
International stock.....	3,252,461	
Pooled real estate.....	1,134,711	
U.S. government bond fund.....		160,462
Government agency securities.....		4,036
Certificates of deposit.....		4,207
Fixed income.....	1,007,810	
Total investments.....	21,180,033	769,464
Due from other funds.....	3,294	
TOTAL ASSETS.....	21,214,602	1,327,952
LIABILITY:		
Accounts payable.....		1,327,952
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS.....	\$ 21,214,602	\$ -

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

TOWN OF EAST HAMPTON, CONNECTICUT

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

	Pension Trust Fund
ADDITIONS:	
Contributions:	
Employer.....	\$ 847,761
Plan members.....	<u>420,475</u>
Total contributions.....	<u>1,268,236</u>
Investment income (loss):	
Net change in fair value of investments.....	3,487,168
Interest and dividends.....	<u>382,342</u>
Total investment income (loss).....	3,869,510
Less investment expenses.....	<u>(62,428)</u>
Net investment income (loss).....	<u>3,807,082</u>
TOTAL ADDITIONS.....	<u>5,075,318</u>
DEDUCTIONS:	
Benefits.....	1,077,938
Administration.....	<u>42,065</u>
TOTAL DEDUCTIONS.....	<u>1,120,003</u>
CHANGE IN NET ASSETS.....	3,955,315
NET ASSETS - JULY 1, 2010.....	<u>17,259,287</u>
NET ASSETS - JUNE 30, 2011.....	<u><u>\$ 21,214,602</u></u>

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

TOWN OF EAST HAMPTON, CONNECTICUT**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011****HISTORY AND ORGANIZATION**

The Town operates under a Charter which became effective in November 1973 and was revised in November 1987. The form of government includes an elected seven-member Town Council which elects a chairman, an elected nine-member Board of Education and an elected seven-member Board of Finance.

The legislative power of the Town is vested with the Town Council and the Town Meeting. The Town Council may enact, amend or repeal ordinances and resolutions. The administration of Town offices and agencies, with the exception of the Board of Education, is the responsibility of the Town Manager, who is appointed by the Town Council.

The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets to the Town Council for Town Meeting approval.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Government-Wide and Fund Financial Statements**

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

The *Capital Initiatives Fund* is used to account for various capital projects and equipment purchases.

The *Capital Reserve Fund* is used for various capital and non-recurring projects.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for risk financing activities for dental insurance benefits.

The *Pension Trust Funds* account for the activities of the East Hampton Employee Retirement System which accumulates resources for pension benefit payments to qualified employees.

The *Agency Funds* account for monies held on behalf of students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges to Town Departments for various types of self-insurance. Operating expenses for the internal service fund includes the cost of insurance and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

Deposits - The Town considers cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned.

Investments for the Town are reported at fair value. State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. The balance of the pooled fixed income investments was invested in a 2a-7 like pool which operates under State Statutes. The fair value of the position in the pool is the same as the value of the pool shares.

2. Receivables and Payables

a. Interfunds

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

b. Property Taxes and Other Receivables

In the government-wide financial statements, all trade, property tax, sewer use, sewer assessment, and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 7 to 15 percent of outstanding receivable balances, and are calculated based upon prior collections.

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

b. Property Taxes and Other Receivables (Continued)

In the fund financial statements, property tax revenues are recognized when they became available. Taxes collected during the 60 day period have been recorded as revenue. All property taxes receivable, which have not been collected within 60 days of June 30, have been recorded as deferred revenue, since they are not considered to be available to finance expenditures of the current fiscal year.

Loan receivables consist of Community Development Block Grant loans. The Town provides low interest loans for residential rehabilitation as well as loans to local businesses for facility improvements.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

3. Restricted Assets

The restricted assets for the Town are restricted for endowment purposes. The trust agreement restricts the expenditure of the investment income only for the designated purpose.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Intangible assets include a permanent easement which is not amortized.

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

Assets	Years
Buildings and improvements	20-50
Improvements other than buildings	20
Infrastructure	20-50
Machinery and equipment	3-20
Intangible assets	5-10

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Compensated Absences

The Town allows employees to accumulate earned but unused vacation and sick pay benefits. The rate that these benefits are earned and accumulate varies by bargaining unit. Upon severance from employment with the Town, employees are paid by a prescribed formula for these accrued absences. All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Governmental Activities Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

7. Fund Equity and Net Assets

In the **government-wide financial statements**, net assets are classified into the following categories:

Invested in Capital Assets, Net of Related Debt

This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.

Restricted Net Assets

This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Assets

This category presents the net assets of the Town which are not restricted.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Fund Equity and Net Assets (Continued)

In the **fund financial statements**, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by Town Council, or Town Meeting.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the Town or by an official or body to which the Town delegates the authority. The officials authorized to assign amounts to specific purposes is the Town Manager and Finance Director.

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council, or Town Manager or Finance Director has provided otherwise in its commitment or assignment actions.

In fiscal year 2011, the Town Council adopted a minimum fund balance policy for the General Fund. The policy requires the Town to strive to maintain an unassigned general fund balance of not less than 8 percent nor more than 10 percent of current year budgeted general fund operating expenditures.

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Estimates

The preparation of the 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 including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

9. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

- The Town Council submits to the Board of Finance a policy statement outlining its annual budget goals and objectives for the ensuing fiscal year. The Town Manager compiles preliminary estimates for all departments and agencies, with the exception of the Board of Education, for the annual budget for presentation to the Board of Finance. The Board of Education submits its estimates directly to the Board of Finance.
- The Board of Finance compiles a total budget based upon the Town Council's policy statement and the financial availability of Town funds, holds one or more public hearings on its proposal and presents a recommended budget to the Town Council no later than April 15. After making alterations or reductions, as they deem necessary, the Council submits its proposed budget to the Town Meeting for approval.
- The Board of Finance reviews and makes recommendations regarding all requests for additional appropriations to be submitted to the Council. Additional appropriations from fund balance that exceed \$25,000 must be approved by Town Meeting. Additional appropriations from fund balance below \$25,000, as well as additional appropriations from revised revenue, must be approved by Town Council.

Additional appropriations for the year amounted to \$795,290, which was appropriated from revised revenue appropriations.

- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting (Continued)

- The Board of Education is authorized under state law to make any transfers required within their budget at their discretion. Additionally, as required by the charter, these transfers must be reported to the Board of Selectman. Any additional appropriations must have Board of Education and Board of Selectmen approval and, if over one-half of one percent of the annual budget, Town Meeting approval.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds and those specifically reappropriated by the Board of Finance.

B. Budget - GAAP Reconciliation

A reconciliation of revenues and expenditures between the accounting treatment required by GAAP (Exhibit D), and budgetary requirements (Exhibit F), is as follows:

	<u>REVENUES</u>	<u>EXPENDITURES</u>
BALANCE, BUDGETARY BASIS, EXHIBIT F - JUNE 30, 2011	\$ 38,772,083	\$ 37,340,336
State Teachers' Retirement on-behalf payment	<u>2,024,629</u>	<u>2,024,629</u>
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2011	<u>\$ 40,796,712</u>	<u>\$ 39,364,965</u>

C. Capital Projects Authorizations

The following is a summary of Capital Projects at June 30, 2011:

<u>PROJECT NAME</u>	<u>PROJECT AUTHORIZATION</u>	<u>CUMULATIVE EXPENDITURES</u>	<u>PROJECT BALANCE</u>
Capital Initiatives Fund	\$ 10,149,972	\$ 6,767,208	\$ 3,382,764
Capital Reserve Fund.....	1,010,500	952,069	58,431
Public Water System Fund	2,156,770	2,156,174	596
Pine Brook Culvert Replacement Project.....	<u>400,000</u>	<u>33,254</u>	<u>366,746</u>
TOTAL CAPITAL PROJECTS FUND	<u>\$ 13,717,242</u>	<u>\$ 9,908,705</u>	<u>\$ 3,808,537</u>

TOWN OF EAST HAMPTON, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

D. Donor Restricted Endowments

The Town has received certain endowments for library operations purposes. The amounts are reflected in net assets as restricted for the library. Investment income (including appreciation) is approved for expenditure by the Library Director.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Management of Institutional Funds Act (UMIFA). Under UMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net assets or unrestricted net assets, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

At June 30, 2011, there is no appreciation available for appropriation.

E. Deficit Fund Balance

During the year ended June 30, 2011, the Town had a deficit fund balance in the following fund:

<u>Nonmajor Governmental Funds</u>	
Community Development	<u>\$ 2,615</u>

The deficit will be funded by future charges for services.

III. DETAILED NOTES

A. Cash and Investments

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$4,938,533 of the Town's bank balance of \$12,131,233 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized.....	\$ 4,344,679
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>593,854</u>
Total amount subject to custodial credit risk.....	<u>\$ 4,938,533</u>

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act permanently increased the insurance coverage offered by the Federal Deposit Insurance Corporation (FDIC) to \$250,000 per depositor. Additionally, amounts held in non-interest bearing transaction accounts are fully guaranteed by the FDIC from December 31, 2010 through December 31, 2012. The Town had amounts in excess of \$250,000 in a single bank during the year. Amounts over \$250,000 are not insured by the FDIC. These balances fluctuate during the year and can exceed this \$250,000 limit. Management regularly monitors the financial institution, together with its cash balances, and tries to keep this potential risk to a minimum.

At June 30, 2011, the Town's investments (including restricted investments) consisted of the following:

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)		
		N/A	LESS THAN 1	1-5 YEARS
<u>Mutual Funds:</u>				
Equity Mutual Funds.....	\$ 43,742	\$ 43,742	\$	\$
Government Agency Securities.....	4,036		4,036	
Corporate Bond Funds	6,168,058			6,168,058
U.S. Government Bond Fund.....	334,092		173,630	160,462
Common Stock.....	10,174,010	10,174,010		
International Stock	3,252,461	3,252,461		
Pooled Real Estate.....	1,134,711	1,134,711		
Certificates of Deposit	2,775,408		1,795,696	979,712
Pooled Fixed Income.....	1,469,226		1,469,226	
Fixed Income.....	1,007,810			1,007,810
TOTAL.....	\$ 26,363,554	\$ 14,604,924	\$ 3,442,588	\$ 8,316,042

Subsequent to year end, the financial markets have experienced significant levels of volatility that caused a decline in the value of investments held at year end. While such declines may be temporary, investment values are subject to market fluctuations, and the timing of any such recovery is unknown at the present time.

Interest rate risk - To minimize interest rate risk, the Town's policy requires the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds should primarily be invested in shorter-term securities, money market funds, or similar investment pools.

Credit risk - The Town's policy states credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institutions and advisors with which the Town will do business. The investment portfolio must be diversified so that potential losses on individual securities will be minimized.

The Town's investments subject to credit risk have average ratings by Standard & Poor's as follows:

RATINGS	GOVERNMENT AGENCY SECURITIES FUND	CORPORATE BOND MUTUAL FUNDS	U.S. GOV'T BOND FUND	POOLED FIXED INCOME	FIXED INCOME
AAA.....	\$ 4,036	\$	\$ 334,092	\$ 1,469,226	\$
AA.....		6,168,058			1,007,810
TOTAL.....	\$ 4,036	\$ 6,168,058	\$ 334,092	\$ 1,469,226	\$ 1,007,810

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Custodial credit risk - The Town does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The investments are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government wide financial statements with allowances for uncollectible accounts as of June 30, 2011, including the applicable allowances for uncollectible accounts, are presented below.

	PROPERTY TAXES		
	TAXES	INTEREST & LIEN FEES	TOTAL
Current Portion	\$ 597,604	\$ 78,987	\$ 676,591
Long-term Portion	\$ 513,598	\$ 232,254	\$ 745,852
Less Allowance for Uncollectibles	(75,000)	(21,000)	(96,000)
Net Long-term Portion	\$ 438,598	\$ 211,254	\$ 649,852

	SEWER USE AND ASSESSMENTS			
	USE FEES AND ASSESSMENTS	INTEREST & LIEN FEES	TOTAL	CDBG LOANS
Current Portion	\$ 81,628	\$ 23,777	\$ 105,405	\$ 600
Long-term Portion	\$ 99,488	\$ 28,813	\$ 128,301	\$ 213,232
Less Allowance for Uncollectibles				(32,075)
Net Long-term Portion	\$ 99,488	\$ 28,813	\$ 128,301	\$ 181,157

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

B. Receivables (Continued)

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

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Delinquent property tax receivable.....	\$ 990,207	\$
Sewer assessments.....	181,116	
Loan receivable not yet earned.....	214,682	
Unearned charges for services (Special Revenue)		7,964
Grant drawdowns prior to meeting eligibility requirements		480,774
	<u>\$ 1,386,005</u>	<u>\$ 488,738</u>

C. Capital Assets

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

	BEGINNING BALANCE JULY 1, 2010	INCREASES	DECREASES	ENDING BALANCE JUNE 30, 2011
<u>Governmental Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land	\$ 2,334,242	\$	\$	\$ 2,334,242
Intangible assets	698,000			698,000
Construction in progress.....	2,953,555	513,786	504,532	2,962,809
Total Capital Assets, not being Depreciated.....	5,985,797	513,786	504,532	5,995,051
<u>Capital Assets, being Depreciated:</u>				
Buildings	51,083,416	212,506		51,295,922
Improvements other than buildings.....	61,795			61,795
Machinery and equipment	8,067,138	345,618	235,168	8,177,588
Intangible assets	60,000			60,000
Infrastructure	40,575,197	771,556		41,346,753
Total Capital Assets, being Depreciated.....	99,847,546	1,329,680	235,168	100,942,058
Total Capital Assets	105,833,343	1,843,466	739,700	106,937,109
<u>Less Accumulated Depreciation:</u>				
Buildings	20,135,051	906,963		21,042,014
Improvements other than buildings.....	61,178			61,178
Machinery and equipment	4,475,307	401,834	232,849	4,644,292
Intangible assets	8,350	8,350		16,700
Infrastructure	5,420,954	391,889		5,812,843
Total Accumulated Depreciation.....	30,100,840	1,709,036	232,849	31,577,027
Total Capital Assets, being Depreciated, net.....	69,746,706	(379,356)	2,319	69,365,031
Governmental Activities Capital Assets, net	<u>\$ 75,732,503</u>	<u>\$ 134,430</u>	<u>\$ 506,851</u>	<u>\$ 75,360,082</u>

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

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

Governmental Activities:

General government	\$ 13,129
Public safety	144,791
Public works and utilities	849,559
Civic and human services	6,890
Culture and recreation	67,985
Education	<u>626,682</u>
Total Depreciation Expense - Governmental Activities.....	<u>\$1,709,036</u>

Construction Commitments

At June 30, 2011, the Town had the following construction commitments:

Senior Center	<u>\$ 607,800</u>
---------------------	-------------------

D. Interfund Accounts

1. Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2011 is as follows:

<u>MAJOR FUNDS</u>	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
GENERAL FUND:			
Miscellaneous Grant	N/A	\$ 210,374	\$
WPCA Joint Facilities	N/A	9,627	
Public Safety	N/A		23,672
Public Works	N/A		7,879
Education Grant	N/A	193,467	
Debt Service	N/A		30,001
Capital Reserve	N/A		206,124
WPCA Operating	N/A		19,644
Culture and Recreation	N/A		<u>2,678</u>
TOTAL GENERAL FUND		<u>413,468</u>	<u>289,998</u>

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts

1. Interfund Payables and Receivables (Continued)

MAJOR FUNDS	CORRESPONDING		DUE FROM	DUE TO
	FUND			
CAPITAL INITIATIVES:				
Public Works.....	N/A	\$		\$ 738,999
Miscellaneous Grant	N/A		13,693	
Capital Reserve	N/A			1,967,739
WPCA Joint Facilities	N/A			385,680
Debt Service.....	N/A			183,504
TOTAL CAPITAL INITIATIVES			13,693	3,275,922
CAPITAL RESERVE:				
General Fund.....	N/A		206,124	
Capital Initiatives	N/A		1,967,739	
TOTAL CAPITAL RESERVE			2,173,863	-
NONMAJOR FUNDS				
SPECIAL REVENUE FUNDS:				
WPCA Operating	General Fund		19,644	
Miscellaneous Grant	General Fund			210,374
Public Safety.....	General Fund		23,672	
Education Grant.....	General Fund			193,467
Culture and Recreation.....	General Fund		2,678	
WPCA Joint Facilities.....	General Fund			9,627
Public Works	General Fund		7,879	
Miscellaneous Grant	Capital Initiatives			13,693
Public Works	Capital Initiatives		738,999	
WPCA Joint Facilities.....	Capital Initiatives		385,680	
Water System	Pension			3,294
TOTAL SPECIAL REVENUE FUNDS			1,178,552	430,455
DEBT SERVICE FUND:				
Debt Service	General Fund		30,001	
Debt Service	Capital Initiatives		183,504	
TOTAL DEBT SERVICE FUND..			213,505	-
PENSION FUND:				
Water System	N/A		3,294	
GRAND TOTAL.....			\$ 3,996,375	\$ 3,996,375

All interfund balances resulted from the time lag between the dates payments occurred between funds for short-term internal financing.

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

2. Interfund Transfers

A summary of interfund transfers as of June 30, 2011 is as follows:

	CORRESPONDING FUND	TRANSFER IN	TRANSFER OUT
MAJOR FUNDS:			
GENERAL FUND:			
Water System Fund	N/A	\$	\$ 45,000
Capital Reserve Fund	N/A		1,089,500
Debt Service	N/A		30,000
TOTAL GENERAL FUND		-	1,164,500
CAPITAL RESERVE FUND	General Fund	1,089,500	
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Water Fund	General Fund	45,000	
DEBT SERVICE FUND	General Fund	30,000	
GRAND TOTAL		\$ 1,164,500	\$ 1,164,500

Transfers are used to account for the financing by the general fund of various programs and activities in other funds.

E. Changes in Long-Term Obligations

1. Summary of Changes

The following is a summary of changes in long-term obligations during the fiscal year:

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2011	CURRENT PORTION
BONDS:									
Refunding issue....	\$ 10,100,000	06/15/99	10/15/10	3.75%-4.6%	\$ 440,000	\$	\$ 440,000	\$	\$
Obligation bond ...	2,345,000	08/15/02	08/15/17	3.00%-4.125%	1,145,000		175,000	970,000	175,000
Refunding issue....	4,005,000	04/01/03	07/15/14	3.375%-4.10%	1,665,000		345,000	1,320,000	340,000
Obligation bond ...	3,175,000	02/01/06	02/01/21	3.40%-5.0%	2,175,000		250,000	1,925,000	250,000
Obligation bond ...	2,985,000	04/15/09	07/15/28	2.50%-4.50%	2,985,000		160,000	2,825,000	160,000
TOTAL BONDS					8,410,000	-	1,370,000	7,040,000	925,000
 CLEAN WATER NOTES:									
Sewer	837,030	03/31/94	03/31/13	2.0%	134,588		48,088	86,500	49,058
Sewer 480C	503,694	06/30/02	12/31/21	2.0%	310,977		24,295	286,682	24,786
TOTAL NOTES					445,565	-	72,383	373,182	73,844
TOTAL BONDS/NOTES					8,855,565	-	1,442,383	7,413,182	998,844

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

DESCRIPTION	BALANCE JULY 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2011	CURRENT PORTION
PREMIUMS.....	\$ 64,926	\$	\$ 10,351	\$ 54,575	\$
DEFERRED CHARGES ON REFUNDING.....	(120,662)		(25,403)	(95,259)	
TOTAL BONDS/NOTES AND RELATED LIABILITIES	8,799,829	-	1,427,331	7,372,498	998,844
COMPENSATED ABSENCES	1,563,963	546,363	546,859	1,563,467	109,443
OPEB OBLIGATION.....	484,434	517,004	288,000	713,438	
ENVIRONMENTAL OBLIGATION	1,590,000		840,000	750,000	
OTHER	223,063		67,740	155,323	
TOTAL LONG-TERM OBLIGATIONS	\$ 12,661,289	\$ 1,063,367	\$ 3,169,930	\$ 10,554,726	\$ 1,108,287

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and bond and note maturities:

FISCAL YEAR ENDED JUNE 30,	AMOUNT TO BE PROVIDED BY STATE PRINCIPAL	NOTES PRINCIPAL	BOND PRINCIPAL	TOTAL INTEREST
2012	\$ 171,077	\$ 73,844	\$ 925,000	\$ 257,687
2013	165,971	62,728	915,000	224,294
2014	163,417	25,796	835,000	191,774
2015		26,317	830,000	158,256
2016		26,848	510,000	131,102
2017		27,390	435,000	113,122
2018		27,943	435,000	97,253
2019		28,507	305,000	83,643
2020		29,082	305,000	72,210
2021		29,669	305,000	60,379
2022		15,058	155,000	48,333
2023			155,000	42,238
2024			155,000	36,038
2025			155,000	29,838
2026			155,000	23,541
2027			155,000	17,050
2028			155,000	10,366
2029			155,000	3,488
	\$ 500,465	\$ 373,182	\$ 7,040,000	\$ 1,600,612

All long-term liabilities listed above after bonds and notes are generally liquidated by the General Fund.

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

2. Statutory Debt Limitations

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

CATEGORY	DEBT LIMIT	NET INDEBTEDNESS	BALANCE
General purpose	\$ 64,909,321	\$ 5,582,000	\$ 59,327,321
Schools	129,818,642	957,535	128,861,107
Sewers	108,182,201	372,934	107,809,267
Urban renewal	93,757,908		93,757,908
Pension deficit.....	86,545,761		86,545,761

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$201,940,109.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$500,465 for bond principal are reflected as deductions in the computation of net indebtedness.

3. Authorized/Unissued Bonds

The amount of authorized, unissued bonds for general purposes at June 30, 2011 is as follows:

PURPOSE OF BONDS	AUTHORIZED BUT UNISSUED
Governmental Activities:	
Ambulance Facility	\$ 18,500
High School Athletic Facilities Improvements	2,000
Water System Initial Water Supply.....	866,000
Capital Improvements 2004-2005.....	454,400
Land Purchase.....	7,100
Flanders Roadway Improvements	2,000
Memorial School Roof and Tank.....	3,440,000
Pine Brook Culvert Replacement Project	<u>400,000</u>
TOTAL	<u>\$ 5,190,000</u>

The amount of bonds, notes or other obligations authorized for the water system initial water supply shall be reduced by the amount of grants received by the Town for the project. As of June 30, 2011, the amount of grants received for this project was \$867,800.

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

4. Prior Year Advance Refunding

In prior years, the Town defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability of the defeased bonds are not included in the Town's financial statements. At June 30, 2011, \$1,770,000 of bonds outstanding are considered defeased.

5. Environmental Cleanup

In 2009, the Town entered into the State of Connecticut's Department of Environmental Protection Voluntary Remediation Program required by the EPA clean up grant agreement, and therefore was deemed the responsible party for remediation of two Town-owned properties. A substantial amount of clean up and remediation has been performed on one of the properties during 2011 and, therefore, the liability on this property has been reduced to zero.

The second property has an estimated cost of a site assessment and corrective measures feasibility study of \$750,000. There was no cost range provided for this estimate; therefore, the total estimated environmental obligation of the Town is \$750,000.

The estimate is subject to change due to price changes, technology changes, or other changes. The pollution remediation liability does not reflect any recovery of outlays because the Town does not anticipate that it will not be able to recover remediation costs from other parties. The liability also does not include outlays for site cleanup because those costs are not yet reasonably estimable.

6. Other

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

F. Restricted Net Assets

The amount of restricted net assets, which were restricted by enabling legislation, totaled \$2,584,100 at June 30, 2011.

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

G. Fund Balance Classifications

FUND BALANCE COMPONENT	GENERAL FUND	CAPITAL INITIATIVES	CAPITAL RESERVE	NONMAJOR FUNDS	TOTAL
<u>NONSPENDABLE:</u>					
Permanent fund principal	\$	\$	\$	\$ 15,500	\$ 15,500
<u>RESTRICTED:</u>					
Public Works and Utilities				2,986,856	2,986,856
Culture and Recreation				823	823
Education				28,209	28,209
TOTAL RESTRICTED	-	-	-	3,015,888	3,015,888
<u>COMMITTED:</u>					
General Government				80,333	80,333
Public Safety				229,133	229,133
Culture and Recreation				158,078	158,078
Education				330,868	330,868
Construction Contracts		187,865	2,065,114	131,849	2,384,828
TOTAL COMMITTED	-	187,865	2,065,114	930,261	3,183,240
<u>ASSIGNED:</u>					
Debt service				495,906	495,906
<u>UNASSIGNED</u>					
	4,350,654	-	-	(2,615)	4,348,039
TOTAL	\$ 4,350,654	\$ 187,865	\$ 2,065,114	\$ 4,454,940	\$ 11,058,573

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town purchases commercial insurance for all risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

The Town utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss for dental claims. The fund records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The Board of Education is charged premiums by the Internal Service Fund, which are included in expenditures, to cover the estimated cost of claims payment based on historical cost estimates of the amounts needed to pay prior and current year claims. Claims liabilities include an estimate of claims incurred but not reported and are the Town's best estimate based on available information.

The claims liability reported in the internal service fund is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

The following is a summary of changes in the claims liabilities:

	CLAIMS PAYABLE BEGINNING OF YEAR	CURRENT YEAR CLAIMS AND CHANGE IN ESTIMATES	CLAIMS PAID	CLAIMS PAYABLE END OF YEAR
2010-2011	\$	\$ 255,743	\$ 232,333	\$ 23,410

B. Commitments and Litigation

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable. In the opinion of the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

B. Commitments and Litigation (Continued)

Intermunicipal Agreement

The Town is party to an inter-municipal agreement for septage waste disposal. The Town has agreed to accept septage from five area towns. The Town originally borrowed \$837,030 from the State of Connecticut Clean Water Fund to finance improvements to its plant to accommodate septage from the other towns. In fiscal year 2002, the Town borrowed an additional \$503,694 for a nitrogen reduction project. Each town is committed to paying a portion of the cost of improvements over 20 years. Additionally, operating costs and a use fee will also be charged.

C. Pension Plans

1. Plan Description

Summary

The Town of East Hampton is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The Plan does not issue stand-alone financial statements and is considered to be part of the Town of East Hampton's financial reporting entity. As such, the plan is accounted for in the fiduciary fund financial statements as a pension trust fund.

The Town of East Hampton Retirement System covers all employees working more than 20 hours a week except teachers covered under the State of Connecticut Teachers' Retirement System. The Town provides all retirement benefits through a single employer, contributory, defined benefit plan. All employees are 100% vested after 10 years of continuous service. Employees who retire at normal retirement - for police the earlier of age 55 with 10 years of service or 20 years of service, for all others age 62 with 5 years service - receive a retirement benefit.

Benefit Provisions

The benefit formula is as follows:

For police, 2.5% of final earnings times credited service; for all other participants effective January 1, 2001, 2.25% of final earnings multiplied by credited service.

The minimum retirement benefit for all participants will be \$1,200 at normal retirement date.

The membership of the plan consisted of the following as of July 1, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	82
Current plan members	174
Inactive with vested benefits	<u>83</u>
Total	<u>339</u>

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

2. Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

PERS' financial statements are prepared using the accrual basis of accounting. Employee and plan member contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the plan.

b. Valuation of Investments

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

3. Contributions

Benefits and contribution requirements may be amended by the Town Council subject to union ratification. Benefits are fixed by contract.

Police employees contribute 5% of earnings; all other employees are required to contribute 5.5% of earnings to the PERS.

The Town is required to contribute the amounts necessary to finance the benefits for its employees in accordance with actuarial recommendations. Administrative cost are generally financed through investment earnings.

4. Annual Pension Cost and Net Pension Asset

The Town's annual pension cost and net pension asset for the year ended June 30, 2011 were as follows:

Annual required contribution	\$ 787,261
Interest on net pension obligation	(98,103)
Adjustment to annual required contribution	<u>73,730</u>
Annual pension cost	762,888
Contributions made	<u>847,761</u>
Increase in net pension asset	84,873
Net pension asset, July 1, 2010	<u>1,226,289</u>
Net Pension Asset, June 30, 2011	<u>\$ 1,311,162</u>

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

4. Annual Pension Cost and Net Pension Asset (Continued)

VALUATION DATE	July 1, 2010
ACTUARIAL COST METHOD	Projected Unit Credit
AMORTIZATION METHOD	Level Percent
REMAINING AMORTIZATION PERIOD	28 years closed

ACTUARIAL ASSUMPTIONS:

Investment rate of return	8.0%
Projected salary increases	4.0%
Expenses for benefits payable	5.0%
Inflation rate	3.5%

5. Three Year Trend Information

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>ACTUAL CONTRIBUTION</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION ASSET</u>
2009	\$ 642,029	\$ 717,193	112.0%	\$ 1,194,975
2010	740,518	771,832	104.0%	1,226,289
2011	762,888	847,761	111.1%	1,311,162

6. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010 was as follows:

<u>ACTUARIAL VALUATION DATE</u>	<u>(A) ACTUARIAL VALUE OF ASSETS</u>	<u>(B) ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT</u>	<u>(A-B) OVER (UNDER) FUNDED AAL</u>	<u>(A/B) FUNDED AAL RATIO</u>	<u>(C) COVERED PAYROLL</u>	<u>[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL</u>
7/1/2010	\$ 19,798,223	\$ 22,936,498	\$(3,138,275)	86.3%	\$ 7,317,009	(42.9)%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress (RSI), immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-Employment Benefits Plan

1. Plan Description

The Town administers one single-employer, post retirement healthcare plan for the Board of Education, for the Town of East Hampton Other Post Employment Benefits (OPEB). The Board of Education plan provides medical and dental benefits to eligible retirees and their spouses. The plan does not issue stand alone financial reports.

2. Summary of Significant Accounting Policies and Plan Asset Matters

Valuation of Investments

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

3. Classes of Employees Covered

As of June 30, 2011, the plan's membership consisted of:

	<u>BOARD OF EDUCATION</u>
Retirees and beneficiaries currently receiving benefits	34
Active plan members.....	<u>167</u>
TOTAL.....	<u>201</u>

4. Benefit Provisions

a. Benefit Provisions

The Board of Education plan provides medical and dental benefits for all Board of Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

b. Employer Contributions

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Board of Education's total plan contribution was \$288,000.

c. Employee Contributions

There are no employee contributions to the plan.

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-Employment Benefits Plan (Continued)

5. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER/ (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
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BOARD OF EDUCATION

June 30, 2009	\$	\$ 6,071,000	\$(6,071,000)	0.0%	N/A	N/A
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Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress (RSI), immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

6. Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarially accrued liabilities and the actuarial value of assets.

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

VALUATION DATE	June 30, 2009
ACTUARIAL COST METHOD	Projected Unit Credit
AMORTIZATION METHOD	Level Dollar
REMAINING AMORTIZATION PERIOD	28 Years Closed

ACTUARIAL ASSUMPTIONS:

Investment rate of return	4.0%
Healthcare inflation rate:	
Initial	6.4%
Ultimate	4.4%

TOWN OF EAST HAMPTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-Employment Benefits Plan (Continued)

7. Annual OPEB Cost and Net OPEB Obligation (NOO)

The changes in the NOO were as follows:

	<u>BOARD OF EDUCATION</u>
Annual required contribution.....	\$ 515,000
Interest on net OPEB obligation.....	19,377
Adjustment to annual required contribution.....	(17,373)
Annual OPEB cost.....	517,004
Contributions made.....	<u>288,000</u>
Change in net OPEB obligation.....	229,004
Net OPEB obligation - July 1, 2010.....	<u>484,434</u>
Net OPEB obligation - June 30, 2011	<u>\$ 713,438</u>

8. Three Year Trend Information

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION	ACTUAL CONTRIBUTED
<hr/>				
BOARD OF EDUCATION				
2009	\$ 486,000	46.50%	\$ 260,000	\$ 226,000
2010	487,434	53.96%	484,434	263,000
2011	517,004	55.71%	713,438	288,000

E. On-Behalf Payments

The amount of the State Teachers' Retirement Plan contribution recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on-behalf of the Town's teachers was \$2,024,629.

Required Supplementary Information

TOWN OF EAST HAMPTON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

EAST HAMPTON RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
January 1, 2004	\$ 13,303,561	\$ 14,282,705	\$ (979,144)	93.1%	\$ 5,569,262	(17.6%)
January 1, 2006	15,713,232	17,166,458	(1,453,226)	91.5%	5,941,437	(24.5%)
January 1, 2008	18,943,268	19,373,079	(429,811)	97.8%	6,417,318	(6.7%)
January 1, 2009	17,381,622	20,814,052	(3,432,430)	83.5%	6,674,011	(51.4%)
July 1, 2009	17,979,527	21,634,148	(3,654,621)	83.1%	6,613,882	(55.3%)
July 1, 2010	19,798,223	22,936,498	(3,138,275)	86.3%	7,317,009	(42.9%)

BOARD OF EDUCATION OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
June 30, 2009	\$ -	\$ 6,071,000	\$ (6,071,000)	0.0%	N/A	N/A

TOWN OF EAST HAMPTON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

PENSION AND OTHER POST EMPLOYMENT BENEFIT PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
---------------------------	------------------------------------	------------------------	---------------------------

PENSION PLANTOWN EMPLOYEES

2006	\$	597,755	\$	597,755	100%
2007		646,582		646,582	100%
2008		551,652		707,485	128%
2009		595,784		717,193	120%
2010		765,583		771,832	101%
2011		787,261		847,761	108%

OTHER POSTEMPLOYMENT BENEFIT PLANBOARD OF EDUCATION

2009	\$	486,000	\$	226,000	46.50%
2010		486,000		263,000	54.12%
2011		515,000		288,000	55.92%

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, buildings and grounds, planning and development, health and human services, library, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

TOWN OF EAST HAMPTON, CONNECTICUT

**GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Current taxes	\$ 28,097,591	\$ 28,097,591	\$ 27,955,163	\$ (142,428)
Back taxes	275,000	275,000	460,019	185,019
Telephone access share line	55,000	55,000	31,927	(23,073)
Supplemental motor vehicles	175,000	175,000	189,202	14,202
Housing Authority reimbursement	11,000	11,000	12,161	1,161
Interest	192,000	192,000	248,403	56,403
Liens	2,500	2,500	3,648	1,148
Total property taxes	28,808,091	28,808,091	28,900,523	92,432
Intergovernmental Revenues:				
General government:				
State infrastructure (LOCIP)	94,898	94,898	94,898	-
Elderly tax relief	45,000	45,000	44,443	(557)
Elderly Freeze Exemption	2,000	2,000	2,000	-
Department of Youth Services	8,000	8,000	16,101	8,101
Boat registration	6,855	6,855	10,827	3,972
State-owned property	110,000	110,000	117,342	7,342
Disability tax relief	1,000	1,000	1,067	67
Veterans' exemption	3,700	3,700	4,593	893
Manufacturers equipment (PILOT)	20,000	20,000	15,087	(4,913)
Traffic enforcement			2,403	2,403
Civil preparedness			4,431	4,431
Mashantucket Pequot/Mohegan grant	54,000	54,000	55,496	1,496
Other State grants	970	1,770	1,010	(760)
Total general government	346,423	347,223	369,698	22,475
Education:				
Principal and interest subsidy school bonds	424,888	424,888	427,441	2,553
Education cost sharing	6,512,077	6,512,077	6,520,991	8,914
Special education excess cost		794,490	794,490	-
School transportation	185,236	185,236	126,476	(58,760)
BESB	4,195	4,195		(4,195)
Adult Education	22,800	22,800	22,589	(211)
ARRA Federal	1,083,643	1,083,643	1,083,643	-
Total education	8,232,839	9,027,329	8,975,630	(51,699)
Total intergovernmental revenues	8,579,262	9,374,552	9,345,328	(29,224)

(Continued)

TOWN OF EAST HAMPTON, CONNECTICUT

**GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Charges for Services:				
Finance Department	\$ 21,915	\$ 21,915	\$ 36,399	\$ 14,484
Assessor Department	1,200	1,200	1,540	340
Police Department	5,000	5,000	8,967	3,967
Town Clerk	237,800	237,800	198,148	(39,652)
Planning, zoning and buildings	131,600	131,600	86,341	(45,259)
Transfer station fees/stickers	32,200	32,200	38,098	5,898
Lease of Town property	24,840	24,840	24,840	-
Sears Park rent	600	600	525	(75)
Tuition	4,000	4,000		(4,000)
Library	14,400	14,400	16,803	2,403
Community room rental	400	400	550	150
Sears Park stickers	12,000	12,000	16,213	4,213
Blasting permits	400	400	30	(370)
Public Works			80	80
Total charges for services	486,355	486,355	428,534	(57,821)
Investment income	120,000	120,000	31,700	(88,300)
Miscellaneous:				
Collector of Revenue	500	500	1,440	940
Fire Marshall			50	50
Conservation & Lake Commission			150	150
Fines			21,481	21,481
Sale of equipment			19,021	19,021
Insurance reimbursement			23,431	23,431
Regional probate court	5,686	5,686		(5,686)
Middle Haddam Historic District	300	300	425	125
Total miscellaneous	6,486	6,486	65,998	59,512
Total Revenues	\$ 38,000,194	\$ 38,795,484	\$ 38,772,083	\$ (23,401)

(Concluded)

TOWN OF EAST HAMPTON, CONNECTICUT

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
Town Manager's Department	\$ 320,335	\$ 366,920	\$ 366,889	\$ 31
Council special programs	26,110	15,960	15,123	837
Facilities administrator	114,393	114,393	112,766	1,627
Legal defense/fees	115,000	225,400	225,390	10
Town Hall and Annex	261,279	282,564	282,560	4
Finance and Accounting	446,243	446,243	439,395	6,848
Collector of Revenue	166,005	166,005	154,696	11,309
Assessor's Office	171,308	171,308	158,553	12,755
Board of Assessment Appeals	323	2,063	2,061	2
Town Clerk's office	190,317	190,317	178,865	11,452
Registrars/elections	46,280	46,280	39,491	6,789
General insurance	225,000	225,000	222,305	2,695
Probate court	4,766	7,681	7,680	1
Employee benefits	1,332,759	1,175,059	1,170,174	4,885
Contingency	50,000			-
Total general government	3,470,118	3,435,193	3,375,948	59,245
Public Safety:				
Police administration	281,124	309,664	309,663	1
Police regular patrol	1,378,086	1,324,586	1,324,568	18
Lake patrol	7,421	7,421	4,931	2,490
Animal Control	62,188	62,188	61,830	358
Firefighting	231,703	231,703	228,493	3,210
Fire Marshal	40,337	41,641	41,641	-
Town center fire system	9,920	13,832	13,832	-
Ambulance association	6,910	6,910	4,969	1,941
Civil Preparedness	8,890	8,890	7,634	1,256
Communications	115,775	115,960	115,957	3
Street lighting	61,000	61,000	56,920	4,080
Total public safety	2,203,354	2,183,795	2,170,438	13,357
Public Works:				
Public Works	1,216,523	1,236,323	1,236,269	54
Engineering	104,363	33,363	32,981	382
Town Garage	53,617	53,617	43,421	10,196
Townwide motor fuel	147,560	135,960	135,958	2
Road materials	298,856	298,856	298,856	-
Transfer station	171,726	150,726	142,612	8,114
Septage disposal	11,075	11,188	11,188	-
Total public works	2,003,720	1,920,033	1,901,285	18,748
Regulatory:				
Planning, zoning and buildings	420,745	420,745	414,924	5,821
Economic development commission	40,583	10,583	3,871	6,712
Conservation & lake commission	24,451	9,951	9,697	254
Redevelopment agency	3,365	3,365	857	2,508
Middle Haddam Historic District	3,220	3,220	1,081	2,139
Total regulatory	492,364	447,864	430,430	17,434

(Continued)

TOWN OF EAST HAMPTON, CONNECTICUT

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Health and Human Services:				
Chatham Health District	\$ 101,480	\$ 101,480	\$ 101,480	\$ -
Human Services	110,963	110,963	108,557	2,406
Senior Center	107,438	99,838	95,445	4,393
Transportation	54,100	54,100	52,600	1,500
Community Services	3,800	3,800	3,770	30
Total health and human services	377,781	370,181	361,852	8,329
Culture and Recreation:				
Park and recreation	352,814	352,814	345,030	7,784
Community Center	158,007	155,078	152,563	2,515
Library	423,259	423,259	412,870	10,389
Middle Haddam Library	7,000	7,000	7,000	-
Total culture and recreation	941,080	938,151	917,463	20,688
Board of Education	25,879,307	26,673,797	26,520,951	152,846
Debt Service	1,661,970	1,661,970	1,661,969	1
Total Expenditures	37,029,694	37,630,984	37,340,336	290,648
Other Financing Uses:				
Transfers to other funds:				
Capital Reserve Fund	880,500	1,089,500	1,089,500	-
Water System	60,000	45,000	45,000	-
Debt Service	30,000	30,000	30,000	-
Total other financing uses	970,500	1,164,500	1,164,500	-
Total Expenditures and Other Financing Uses	\$ 38,000,194	\$ 38,795,484	\$ 38,504,836	\$ 290,648

(Concluded)

TOWN OF EAST HAMPTON, CONNECTICUT

GENERAL FUND
BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Appropriation	Final Appropriation	Expenditures	Variance with Final Budget
Certified salaries	\$ 13,193,707	\$ 13,235,822	\$ 12,828,494	\$ 407,328
Classified salaries	3,311,002	3,329,702	3,414,408	(84,706)
Employee benefits:				
Medicare and dental	3,677,503	3,677,503	3,696,624	(19,121)
Unemployment compensation	24,000	24,000	36,053	(12,053)
Social Security	231,667	231,667	220,265	11,402
Medicare	207,948	207,948	194,985	12,963
Pension	318,680	318,680	318,680	-
Workmen's compensation	82,878	82,878	111,519	(28,641)
Life insurance	58,500	58,500	48,106	10,394
Other	1,980	1,980	3,363	(1,383)
Tuition	451,809	1,036,084	968,575	67,509
Pupil transportation	1,364,595	1,429,995	1,358,321	71,674
Other transportation	5,206	5,206	7,861	(2,655)
Computer consulting services	68,440	68,440	136,680	(68,240)
Meetings and conferences	20,900	20,900	9,039	11,861
Professional/technical services	452,000	536,000	451,705	84,295
Public utilities	33,000	33,000	31,896	1,104
Building, equipment maintenance and repairs	225,385	225,385	445,507	(220,122)
Heating, ventilation maintenance and repairs	35,000	35,000	40,328	(5,328)
Security system maintenance and repairs	2,500	2,500	3,985	(1,485)
Vehicle maintenance and repairs	3,500	3,500	2,049	1,451
Supplies, materials and minor equipment	424,717	424,717	438,474	(13,757)
Fire protection	24,000	24,000	30,014	(6,014)
Refuse removal	33,000	33,000	30,048	2,952
Water and underground tank testing	5,000	5,000	5,362	(362)
Pest control	2,500	2,500	3,326	(826)
Tile and carpet replacement	8,500	8,500	15,333	(6,833)
Equipment rental	91,050	91,050	84,585	6,465
Property and liability insurance	95,157	95,157	108,631	(13,474)
Staff travel	13,262	13,262	14,906	(1,644)
Communications	62,055	62,055	39,034	23,021
Newspaper advertising	5,763	5,763	630	5,133
Printing and binding	30,923	30,923	24,019	6,904
Other purchased services	59,957	59,957	69,604	(9,647)
Heating oil	338,000	338,000	365,051	(27,051)
Motor fuel	185,520	185,520	159,792	25,728
Electricity	385,000	385,000	390,049	(5,049)
Bottled gas	2,000	2,000	2,422	(422)
Textbooks	106,069	106,069	130,955	(24,886)
Library books/periodicals	35,841	35,841	36,675	(834)
Other supplies and materials	50,506	50,506	38,710	11,796
Dues and fees	53,709	53,709	48,279	5,430
Equipment	66,178	66,178	123,543	(57,365)
Technology software	400	400		400
OPEB contribution	30,000	30,000	30,000	-
Other			3,066	(3,066)
Total expenditures	\$ 25,879,307	\$ 26,673,797	\$ 26,520,951	\$ 152,846

SCHEDULE 4

TOWN OF EAST HAMPTON, CONNECTICUT

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2011

Grand List	Uncollected Taxes July 1, 2010		Current Tax Levy	Assessor's		Transferred To Suspense	Net Amount Collectible	Collections			Uncollected Taxes June 30, 2011
				Additions	Deductions			Taxes	Interest and Liens	Total	
2009	\$	\$	28,792,189	\$ 42,881	\$ 79,022	\$ 12,405	\$ 28,743,643	\$ 28,141,090	\$ 108,435	\$ 28,249,525	\$ 602,553
2008				10,172	13,261	15,385	557,782	298,854	71,904	370,758	258,928
2007				1,415	873	4,794	260,492	112,129	44,996	157,125	148,363
2006					210	1,739	85,786	21,497	12,861	34,358	64,289
2005					135	1,012	43,070	13,316	9,471	22,787	29,754
2004						108	6,795	913	1,308	2,221	5,882
2003							613	34	41	75	579
2002							333	54	37	91	279
2001							575			-	575
								28,587,887	249,053	28,836,940	\$ 1,111,202
								5,122		5,122	
									4,525	4,525	
Total								\$ 28,593,009	\$ 253,578	\$ 28,846,587	

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Septage Disposal	Septage fees	Accumulation of resources for debt payments
Water System	User fees	Water operations
Public Safety	Fees	Police outside services
Culture and Recreation	User fees	Recreation programs
School Cafeteria	Sale of lunches and grants	Cafeteria operations
Education Grant	Federal and State grants	Education related programs
Public Works	Federal and State grants	Public works projects
Community Development	Federal grants	Town development programs
Miscellaneous Grant	Federal and State grants	Civic and human services and capital related purposes
Beneficial Assessment	Assessments	Accumulation of resources for debt payments
WPCA Joint Facilities	Member town fees	Regional sewer facility operations
WPCA Operating	User fees	Sewer operations

Debt Service

The debt service fund is used for retirement payouts for accumulated sick and vacation time and other long-term obligations.

Capital Projects Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities.

WPCA Development - acquisition and construction related to the WPCA operations.

Public Water System - construction related to the development of a public water system.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting Town's programs.

Library Trust Fund - support and benefit of the Town's library.

TOWN OF EAST HAMPTON, CONNECTICUT

SCHEDULE 5

(1 of 3)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011**

	Special Revenue						
	Septage Disposal	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	Public Works
ASSETS							
Cash	\$	\$	\$	\$ 182,052	\$ 7,235	\$ 320,055	\$
Investments	97,898		217,508				
Receivables:							
Assessments and user charges		8,486					
Intergovernmental			400		18,356	255,964	
Loans							
Other		1,117			1,650	1,984	
Due from other funds		55,182	23,672	2,678			746,878
Other					10,324		
Total Assets	\$ 97,898	\$ 64,785	\$ 241,580	\$ 184,730	\$ 37,565	\$ 578,003	\$ 746,878
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$ 10,872	\$ 7,697	\$ 13,433	\$ 9,356	\$ 48,223	\$ 8,767
Due to other funds		3,294	4,750	7,255		198,912	
Deferred revenue		8,486					
Unearned revenue				5,964			307,146
Total liabilities	-	22,652	12,447	26,652	9,356	247,135	315,913
Fund Balances:							
Nonspendable							
Restricted		42,133			28,209		430,965
Committed			229,133	158,078		330,868	
Assigned	97,898						
Unassigned							
Total fund balances	97,898	42,133	229,133	158,078	28,209	330,868	430,965
Total Liabilities and Fund Balances	\$ 97,898	\$ 64,785	\$ 241,580	\$ 184,730	\$ 37,565	\$ 578,003	\$ 746,878

(Continued)

TOWN OF EAST HAMPTON, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

	Special Revenue						Total
	Community Development	Miscellaneous Grant	Beneficial Assessment	WPCA Joint Facilities	WPCA Operating		
ASSETS							
Cash	\$	\$ 200,282	\$	\$ 155,259	\$ 253,763	\$	1,118,646
Investments	1,583	174,847	975,504	892,149			2,359,489
Receivables:							
Assessments and user charges			248		172,382		181,116
Intergovernmental	2,481	160,806					438,007
Loans	213,832						213,832
Other		6,407		11,822			22,980
Due from other funds		940	10,659	385,680	19,644		1,245,333
Other							10,324
Total Assets	\$ 217,896	\$ 543,282	\$ 986,411	\$ 1,444,910	\$ 445,789	\$	5,589,727
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 481	\$ 133,802	\$	\$ 59,524	\$ 11,014	\$	303,169
Due to other funds	5,348	327,147		25,574	94,610		666,890
Deferred revenue	214,682		248		172,382		395,798
Unearned revenue		2,000					315,110
Total liabilities	220,511	462,949	248	85,098	278,006		1,680,967
Fund Balances:							
Nonspendable							
Restricted			986,163	1,359,812	167,783		3,015,065
Committed		80,333					798,412
Assigned							97,898
Unassigned	(2,615)						(2,615)
Total fund balances	(2,615)	80,333	986,163	1,359,812	167,783		3,908,760
Total Liabilities and Fund Balances	\$ 217,896	\$ 543,282	\$ 986,411	\$ 1,444,910	\$ 445,789	\$	5,589,727

(Continued)

TOWN OF EAST HAMPTON, CONNECTICUT

SCHEDULE 5

(3 of 3)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011**

	Debt Service		Capital Projects			Permanent		Total Nonmajor Governmental Funds	
	Debt Service	WPCA Development	Public Water System	Total	Library Trust	Interfund Eliminations			
ASSETS									
Cash	\$ 1,754	\$	\$	\$ -	\$	\$		\$ 1,120,400	
Investments	212,686			-	16,323			2,588,498	
Receivables:				-					
Assessments and user charges				-				181,116	
Intergovernmental				-				438,007	
Loans				-				213,832	
Other				-				22,980	
Due from other funds	251,310	28,769	103,080	131,849		(236,435)		1,392,057	
Other				-				10,324	
Total Assets	\$ 465,750	\$ 28,769	\$ 103,080	\$ 131,849	\$ 16,323	\$ (236,435)	\$	5,967,214	
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 67,742	\$	\$	\$ -	\$	\$	\$	370,911	
Due to other funds				-		(236,435)		430,455	
Deferred revenue				-				395,798	
Unearned revenue				-				315,110	
Total liabilities	67,742	-	-	-	-	(236,435)		1,512,274	
Fund Balances:									
Nonspendable				-	15,500			15,500	
Restricted				-	823			3,015,888	
Committed		28,769	103,080	131,849				930,261	
Assigned	398,008			-				495,906	
Unassigned				-				(2,615)	
Total fund balances	398,008	28,769	103,080	131,849	16,323	-		4,454,940	
Total Liabilities and Fund Balances	\$ 465,750	\$ 28,769	\$ 103,080	\$ 131,849	\$ 16,323	\$ (236,435)	\$	5,967,214	

(Concluded)

TOWN OF EAST HAMPTON, CONNECTICUT

SCHEDULE 6

(1 of 3)

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

	Special Revenue						
	Septage Disposal	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	Public Works
Revenues:							
Intergovernmental	\$	\$	\$ 4,075	\$ 9,327	\$ 126,687	\$ 988,596	\$ 193,435
Charges for services	97,300	82,360	39,520	184,589	387,311	129,976	
Income from investments	211	38	317	158	114	378	2,303
Contributions and donations			178	6,610		3,214	
Miscellaneous		607	23,376	2,561	292	2,579	
Total revenues	97,511	83,005	67,466	203,245	514,404	1,124,743	195,738
Expenditures:							
Current:							
General government							
Public safety			52,664				
Public works and utilities		122,251					153,091
Culture and recreation				188,872			
Civic and human services							
Education					562,790	1,049,981	
Debt service:							
Principal payments	48,088						
Interest and fiscal charges	2,252						
Capital outlays					10,539	65,608	33,254
Total expenditures	50,340	122,251	52,664	188,872	573,329	1,115,589	186,345
Excess (Deficiency) of Revenues over Expenditures	47,171	(39,246)	14,802	14,373	(58,925)	9,154	9,393
Other Financing Sources (Uses):							
Transfers in		45,000					
Transfers out	(46,000)						
Total other financing sources (uses)	(46,000)	45,000	-	-	-	-	-
Net Change in Fund Balances	1,171	5,754	14,802	14,373	(58,925)	9,154	9,393
Fund Balances - July 1, 2010	96,727	36,379	214,331	143,705	87,134	321,714	421,572
Fund Balances - June 30, 2011	\$ 97,898	\$ 42,133	\$ 229,133	\$ 158,078	\$ 28,209	\$ 330,868	\$ 430,965

(Continued)

TOWN OF EAST HAMPTON, CONNECTICUT

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

	Special Revenue					Total
	Community Development	Miscellaneous Grant	Beneficial Assessment	WPCA Joint Facilities	WPCA Operating	
Revenues:						
Intergovernmental	\$ 13,315	\$ 332,602	\$	\$	\$	1,668,037
Charges for services		49,270	9,599	842,777	988,447	2,811,149
Income from investments	3	284	2,890	11,625	503	18,824
Contributions and donations		5,689				15,691
Miscellaneous		3,960		31,813	18	65,206
Total revenues	13,318	391,805	12,489	886,215	988,968	4,578,907
Expenditures:						
Current:						
General government	2,481	299,887				302,368
Public safety						52,664
Public works and utilities				806,522	892,560	1,974,424
Culture and recreation						188,872
Civic and human services		194,889				194,889
Education						1,612,771
Debt service:						
Principal payments				24,295		72,383
Interest and fiscal charges				5,998		8,250
Capital outlays	7,713			130,872		247,986
Total expenditures	10,194	494,776	-	967,687	892,560	4,654,607
Excess (Deficiency) of Revenues over Expenditures	3,124	(102,971)	12,489	(81,472)	96,408	(75,700)
Other Financing Sources (Uses):						
Transfers in				46,000		91,000
Transfers out					(24,292)	(70,292)
Total other financing sources (uses)	-	-	-	46,000	(24,292)	20,708
Net Change in Fund Balances	3,124	(102,971)	12,489	(35,472)	72,116	(54,992)
Fund Balances - July 1, 2010	(5,739)	183,304	973,674	1,395,284	95,667	3,963,752
Fund Balances - June 30, 2011	\$ (2,615)	\$ 80,333	\$ 986,163	\$ 1,359,812	\$ 167,783	\$ 3,908,760

(Continued)

TOWN OF EAST HAMPTON, CONNECTICUT

SCHEDULE 6

(3 of 3)

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

	Debt Service	Capital Projects	Permanent	Total	Interfund Eliminations	Total Nonmajor Governmental Funds
	Debt Service	WPCA Development	Public Water System		Library Trust	
Revenues:						
Intergovernmental	\$	\$	\$ 13	\$ 13	\$	\$ 1,668,050
Charges for services		28,985		28,985		2,840,134
Income from investments	23,727	21		21	23	42,595
Contributions and donations	30,000			-		45,691
Miscellaneous			5,668	5,668		70,874
Total revenues	53,727	29,006	5,681	34,687	23	4,667,344
Expenditures:						
Current:						
General government	160,376			-		462,744
Public safety				-		52,664
Public works and utilities		24,292		24,292		1,998,716
Culture and recreation				-		188,872
Civic and human services				-		194,889
Education	41,091			-		1,653,862
Debt service:						
Principal payments				-		72,383
Interest and fiscal charges				-		8,250
Capital outlays				-		247,986
Total expenditures	201,467	24,292	-	24,292	-	4,880,366
Excess (Deficiency) of Revenues over Expenditures	(147,740)	4,714	5,681	10,395	23	(213,022)
Other Financing Sources (Uses):						
Transfers in	30,000	24,292		24,292		75,000
Transfers out				-	(70,292)	-
Total other financing sources (uses)	30,000	24,292	-	24,292	-	75,000
Net Change in Fund Balances	(117,740)	29,006	5,681	34,687	23	(138,022)
Fund Balances - July 1, 2010	515,748	(237)	97,399	97,162	16,300	4,592,962
Fund Balances - June 30, 2011	\$ 398,008	\$ 28,769	\$ 103,080	\$ 131,849	\$ 16,323	\$ 4,454,940

(Concluded)

TOWN OF EAST HAMPTON, CONNECTICUT**SCHEDULE OF SEWER ASSESSMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2011**

	Uncollected July 1, 2010	Net Amount Collectible	Collections			Uncollected June 30, 2011
			Assessments	Interest	Total	
Sewer Assessments	\$ 5,927	\$ 5,927	\$ 5,679	\$ 3,920	\$ 9,599	\$ 248

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

Agency Fund

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

TOWN OF EAST HAMPTON, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Assets:				
Cash:				
Student Activity Fund	\$ 330,182	\$ 532,243	\$ 496,160	\$ 366,265
Developer Bond Fund	195,382	98	3,257	192,223
Total Cash	525,564	532,341	499,417	558,488
Investments:				
Student Activity Fund	4,167	40		4,207
Volunteer Firemen Award Fund	652,408	136,312	23,463	765,257
Total Investments	656,575	136,352	23,463	769,464
Total Assets	\$ 1,182,139	\$ 668,693	\$ 522,880	\$ 1,327,952
Liabilities:				
Accounts payable:				
Student Activity Fund	\$ 334,349	\$ 532,283	\$ 496,160	\$ 370,472
Developer Bond Fund	195,382	98	3,257	192,223
Volunteer Firemen Award Fund	652,408	136,312	23,463	765,257
Total Liabilities	\$ 1,182,139	\$ 668,693	\$ 522,880	\$ 1,327,952

Statistical Section

This part of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

CONTENTS

FINANCIAL TRENDS (TABLES 1 - 4)

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

REVENUE CAPACITY (TABLES 5 - 7)

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

DEBT CAPACITY (TABLES 8 - 11)

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION (TABLES 12 - 15)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

OPERATING INFORMATION (TABLES 16-17)

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TABLE 1

TOWN OF EAST HAMPTON, CONNECTICUT

NET ASSETS BY COMPONENT
LAST NINE YEARS (1)
(UNAUDITED)

	FISCAL YEAR								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
GOVERNMENTAL ACTIVITIES:									
Invested in capital assets, net of related debt.....	\$ 67,987,584	\$ 66,932,674	\$ 63,685,094	\$ 58,473,214	\$ 60,424,658	\$ 30,216,516	\$ 29,561,339	\$ 24,518,877	\$ 23,097,483
Restricted.....	3,031,388	3,026,010	16,261	16,105	16,814	17,431	17,072	16,799	16,642
Unrestricted.....	8,466,520	7,425,994	12,008,857	16,721,792	12,879,381	12,370,924	10,640,664	12,760,489	13,269,775
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS.....	\$ 79,485,492	\$ 77,384,678	\$ 75,710,212	\$ 75,211,111	\$ 73,320,853	\$ 42,604,871	\$ 40,219,075	\$ 37,296,165	\$ 36,383,900

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

TABLE 2

TOWN OF EAST HAMPTON, CONNECTICUTCHANGES IN NET ASSETS
LAST NINE YEARS (1)
(UNAUDITED)

	FISCAL YEAR ENDED								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES:									
Governmental activities:									
General government.....	\$ 2,443,122	\$ 3,175,055	\$ 3,843,123	\$ 2,806,092	\$ 2,688,056	\$ 2,863,707	\$ 2,231,747	\$ 2,086,367	\$ 1,964,309
Public safety.....	2,737,441	2,882,654	2,788,364	2,429,211	2,366,551	2,377,612	2,334,646	2,003,865	1,984,094
Civic and human services.....	362,272	477,033	997,140	368,356	337,184	287,554	314,598	267,718	395,145
Public works and utilities.....	5,325,891	4,792,395	5,373,203	5,173,124	4,838,968	4,341,583	4,062,603	3,695,331	3,979,738
Education.....	31,018,794	29,863,970	29,344,735	34,711,774	25,312,601	24,471,957	21,873,102	20,861,963	20,695,865
Regulatory.....	509,982	647,805	465,619	405,373	365,541	387,641	343,793	313,798	339,490
Culture and recreation.....	1,366,556	1,440,829	1,354,708	1,386,344	1,341,023	1,313,175	1,208,799	1,139,830	966,197
Interest on long-term debt.....	312,259	368,987	419,369	450,205	469,774	481,197	504,222	557,941	536,717
Total Governmental activities expenses.....	44,076,317	43,648,728	44,586,261	47,730,479	37,719,698	36,524,426	32,873,510	30,926,813	30,861,555
PROGRAM REVENUES:									
Charges for services:									
General government.....	310,197	314,490	331,000	444,108	432,258	499,866	465,823	515,098	313,025
Public safety.....	48,487	199,872	306,825	61,697	102,218	48,535	51,237	57,398	52,236
Civic and human services.....	525	850	900	11,472	29,993	13,436	15,099	13,539	15,975
Public works and utilities.....	2,116,544	2,108,720	2,076,501	2,638,709	2,162,517	1,912,551	1,607,621	1,537,575	880,217
Education.....	517,287	580,766	498,749	468,912	502,271	489,650	475,082	450,060	403,667
Regulatory.....	95,970	170,035	109,184	257,085	270,305	324,079	366,787	277,701	232,664
Culture and recreation.....	218,155	231,110	247,327	512,574	277,038	303,116	293,230	265,596	209,176
Operating grants and contributions.....	12,786,945	12,048,503	12,133,613	18,389,367	10,089,877	10,089,752	8,634,397	7,956,811	8,850,429
Capital grants and contributions.....	496,985	1,196,987	1,368,159	-	206,205	1,324,242	1,850,348	686,836	150,352
Total Governmental activities program revenues.....	16,591,095	16,851,333	17,072,258	22,783,924	14,072,682	15,005,227	13,759,624	11,760,614	11,107,741
NET EXPENSE:									
Governmental activities.....	(27,485,222)	(26,797,395)	(27,514,003)	(24,946,555)	(23,647,016)	(21,519,199)	(19,113,886)	(19,166,199)	(19,753,814)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:									
Governmental activities:									
Property taxes.....	29,078,949	27,760,475	27,202,929	25,868,511	24,150,645	22,988,641	21,315,588	19,475,465	18,150,121
Grants and contributions not restricted to specific programs.....	251,865	264,189	359,057	425,663	406,978	411,922	460,453	474,776	595,864
Investment income.....	80,509	142,627	230,040	521,414	654,130	474,365	260,755	128,223	168,602
Miscellaneous.....	174,713	304,570	221,078	21,225	32,709	29,067	-	-	101,876
Total Governmental activities.....	29,586,036	28,471,861	28,013,104	26,836,813	25,244,462	23,903,995	22,036,796	20,078,464	19,016,463
CHANGE IN NET ASSETS:									
Governmental activities.....	\$ 2,100,814	\$ 1,674,466	\$ 499,101	\$ 1,890,258	\$ 1,597,446	\$ 2,384,796	\$ 2,922,910	\$ 912,265	\$ (737,351)

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

TABLE 3

TOWN OF EAST HAMPTON CONNECTICUT

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR ENDED JUNE 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
GENERAL FUND:										
Assigned.....	\$ 4,350,654	\$ 4,083,407	\$ 1,687	\$ 1,888	\$ 1,888	\$ 12,640	\$ 27,657	\$ 28,918	\$ 115,971	\$ 598,394
Unassigned.....			4,592,586	4,569,543	3,942,876	3,599,359	3,294,342	2,402,647	1,612,606	1,534,623
TOTAL GENERAL FUND.....	4,350,654	4,083,407	4,594,273	4,571,431	3,944,764	3,611,999	3,321,999	2,431,565	1,728,577	2,133,017
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable.....	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500
Restricted.....	3,015,888	3,010,510	5,817,523	6,242,711	5,513,518	4,658,276	3,960,399	3,740,843	2,524,886	4,400,578
Committed.....	3,183,240	3,007,118	842,102	58,005	242,138	115,881	164,841	160,754	1,675,546	265,654
Assigned.....	495,906	612,475	372,333	345,317	529,512	821,358	1,661,685	1,418,158	202,693	466,263
Unassigned.....	(2,615)	(5,976)					(3,353,908)	(1,047,522)		
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	6,707,919	6,639,627	7,047,458	6,661,533	6,300,668	5,611,015	2,448,517	4,287,733	4,418,625	5,147,995
GRAND TOTAL.....	\$ 11,058,573	\$ 10,723,034	\$ 11,641,731	\$ 11,232,964	\$ 10,245,432	\$ 9,223,014	\$ 5,770,516	\$ 6,719,298	\$ 6,147,202	\$ 7,281,012

TABLE 4

TOWN OF EAST HAMPTON CONNECTICUT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR ENDED									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
REVENUES:										
Property taxes.....	\$ 28,900,523	\$ 27,402,725	\$ 26,977,875	\$ 25,728,961	\$ 24,111,349	\$ 22,942,563	\$ 21,422,097	\$ 19,439,979	\$ 18,086,418	\$ 16,719,969
Intergovernmental.....	13,534,992	13,427,456	13,476,892	19,412,152	11,321,506	11,866,113	10,440,570	9,566,450	9,499,034	10,294,196
Charges for services.....	3,268,668	3,620,840	3,507,029	3,959,904	3,297,166	3,602,240	3,468,832	3,214,746	2,925,269	2,764,952
Contributions and donations.....	45,691	34,949	43,480	14,973	30,897	40,547	90,453	42,645	98,136	22,056
Income on investments.....	80,509	142,627	213,850	956,667	1,083,913	474,365	260,755	128,041	168,602	501,010
Miscellaneous.....	174,713	304,570	221,078	121,332	195,847	155,981	95,384	269,687	180,476	395,062
TOTAL REVENUES.....	46,005,096	44,933,167	44,440,204	50,193,989	40,040,678	39,081,809	35,778,091	32,661,548	30,957,935	30,697,245
EXPENDITURES:										
Current:										
General government.....	4,003,971	3,894,843	3,561,676	3,492,675	3,923,904	3,558,311	2,852,719	2,819,513	2,843,191	2,427,376
Public safety.....	2,271,331	2,556,133	2,367,533	2,064,890	2,003,325	2,009,592	1,975,840	1,698,436	1,525,643	1,431,887
Public works and utilities.....	4,215,334	5,213,454	4,501,875	4,203,271	3,857,705	3,790,680	3,753,384	3,177,904	3,502,442	2,591,903
Culture and recreation.....	1,166,176	1,185,665	1,166,392	1,311,823	1,182,446	1,144,162	1,322,824	960,245	785,617	851,811
Civic and human services.....	556,741	376,385	353,640	597,669	306,090	247,240	283,644	239,876	380,701	281,344
Regulatory.....	430,430	449,453	393,412	321,864	302,164	320,056	283,927	246,948	236,749	252,088
Education.....	30,324,038	29,023,145	28,405,370	34,166,701	24,743,670	23,890,590	21,396,190	20,357,519	19,711,256	18,836,373
Debt service:										
Principal.....	1,442,383	1,655,951	1,669,547	2,081,470	2,154,642	2,238,077	2,267,555	2,373,421	2,711,518	2,667,703
Interest.....	300,219	333,558	483,480	403,298	462,820	467,577	478,351	555,487	739,946	762,532
Capital outlay.....	958,934	1,163,277	4,129,702	620,777	310,641	2,195,113	2,590,790	245,590	450,442	3,339,732
TOTAL EXPENDITURES.....	45,669,557	45,851,864	47,032,627	49,264,438	39,247,407	39,861,398	37,205,224	32,674,939	32,887,505	33,442,749
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	335,539	(918,697)	(2,592,423)	929,551	793,271	(779,589)	(1,427,133)	(13,391)	(1,929,570)	(2,745,504)
OTHER FINANCING SOURCES (USES):										
Transfers in.....	1,164,500	1,804,763	1,612,226	1,513,973	1,719,689	1,481,671	828,385	497,382	1,113,266	1,364,033
Transfers out.....	(1,164,500)	(1,804,763)	(1,612,226)	(1,513,973)	(1,719,689)	(1,481,671)	(828,385)	(497,382)	(1,113,266)	(1,364,033)
Payment to refunded bond escrow agent.....									(4,059,832)	
Issuance of debt.....			2,985,000			3,175,000			4,005,000	2,848,694
Premium on bonds and notes.....			16,190			40,520			91,799	5,826
NET OTHER FINANCING SOURCES (USES).....	-	-	3,001,190	-	-	3,215,520	-	-	36,967	2,854,520
NET CHANGE IN FUND BALANCES.....	\$ 335,539	\$ (918,697)	\$ 408,767	\$ 929,551	\$ 793,271	\$ 2,435,931	\$ (1,427,133)	\$ (13,391)	\$ (1,892,603)	\$ 109,016
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....	3.25%	3.89%	11.17%	4.30%	5.62%	14.62%	6.69%	7.42%	8.49%	16.79%

TABLE 5

TOWN OF EAST HAMPTON, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (UNAUDITED)

YEAR ENDED JUNE 30	REAL ESTATE		PERSONAL PROPERTY		TOTAL		PERCENTAGE OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED VALUE	TOTAL DIRECT TAX RATE
	NET ASSESSED VALUE	ESTIMATED VALUE	NET ASSESSED VALUE	ESTIMATED VALUE	NET ASSESSED VALUE	ESTIMATED VALUE		
2002	\$ 547,280,430	\$ 783,184,186	\$ 74,727,352	\$ 106,753,360	\$ 622,007,782	\$ 889,937,546	69.89%	26.39
2003	561,597,295	881,531,190	79,549,080	113,641,543	641,146,375	995,172,733	64.43%	27.70
2004	579,077,610	1,044,343,538	84,974,402	121,392,003	664,052,012	1,165,735,541	56.96%	28.69
2005	604,792,880	1,225,069,166	86,932,071	124,188,673	691,724,951	1,349,257,839	51.27%	30.19
2006	633,778,790	1,370,394,017	96,442,648	137,775,211	730,221,438	1,508,169,228	48.42%	30.81
2007	955,107,270	1,364,438,957	102,658,399	146,654,856	1,057,765,669	1,511,093,813	70.00%	22.48
2008	985,459,600	1,407,799,429	110,538,107	157,911,581	1,095,997,707	1,565,711,010	70.00%	23.30
2009	1,010,910,310	1,444,157,586	113,728,362	162,469,089	1,124,638,672	1,606,626,674	70.00%	23.81
2010	1,024,849,850	1,464,071,214	115,963,214	165,661,734	1,140,813,064	1,629,732,949	70.00%	24.01
2011	1,031,071,297	1,472,958,996	116,389,556	166,270,794	1,147,460,853	1,639,229,790	70.00%	24.98

Source: Town of East Hampton, Assessor's Office

TABLE 6

TOWN OF EAST HAMPTON, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

NAME	NATURE OF BUSINESS	2011			2002		
		ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)	ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)
CT Light & Power Co.	Utility	\$ 13,305,560	1	1.16%	\$ 7,886,430	1	1.27%
Landmark East Hampton LLC	Mall Real Estate	7,392,050	2	0.64%			
Easthampton NE Development LLC	Real Estate Developer	3,571,560	3	0.31%			
Jackowitz, Edward / American Distilling	Manufacturer	3,002,560	4	0.26%	3,311,070	2	0.53%
Rechovos	Real Estate Developer	2,474,620	5	0.22%			
Skyline Estates LLC	Real Estate Developer	2,258,150	6	0.20%			
Pauls & Sandys Too, Inc.	Real Estate - Commercial/Farm	1,962,940	7	0.17%	1,487,060	8	0.24%
Global Self Storage	Commercial Real Estate	1,923,070	8	0.17%			
Noslen, Inc./Gustine Family Ltd	Campground	1,751,760	9	0.15%	1,913,020	7	0.31%
Z Incorporated	Convalescent Home	1,748,870	10	0.15%	1,355,400	9	0.22%
East Hampton Mall LTD Ptshp	Mall				2,720,240	3	0.44%
J. C. Barton Company	Manufacturer				2,304,500	4	0.37%
WWR/MFR & Edgerton Estates	Real Estate Developer				1,686,830	6	0.27%
Nichols Bus Service, Inc.	Bus Company				2,033,722	5	0.33%
Lakeview Court, LLC	Retail/Office				1,237,500	10	0.20%
TOTAL		<u>\$ 39,391,140</u>		<u>3.43%</u>	<u>\$ 25,935,772</u>		<u>4.17%</u>

Source: Assessor's Office, Town of East Hampton

(1) Based on October 1, 2009 and 2000 net taxable Grand List of \$1,147,460,853 and \$622,007,782, respectively.

TABLE 7

TOWN OF EAST HAMPTON, CONNECTICUT

**TAX RATES, LEVIES AND CASH COLLECTIONS
LAST TEN YEARS
(UNAUDITED)**

YEAR ENDED JUNE 30	(1) MILL RATE	TOTAL ADJUSTED TAX LEVY (1)	NET CURRENT LEVY TAX COLLECTIONS	PERCENTAGE OF CURRENT TAXES COLLECTED	COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS	PERCENT OF LEVY COLLECTED	CURRENT DELINQUENT BALANCE
2002	26.39	\$ 16,593,511	\$ 16,333,028	98.43%	\$ 260,483	\$ 16,593,511	100.00%	\$ -
2003	27.70	17,956,703	17,681,790	98.47%	274,338	17,956,128	100.00%	575
2004	28.69	19,284,127	19,015,770	98.61%	268,078	19,283,848	100.00%	279
2005	30.19	21,178,483	20,993,136	99.12%	184,768	21,177,904	100.00%	579
2006	30.81	22,858,750	22,613,423	98.93%	239,445	22,852,868	99.97%	5,882
2007	22.48	24,026,413	23,745,910	98.83%	250,749	23,996,659	99.88%	29,754
2008	23.30	25,714,934	25,357,394	98.61%	293,251	25,650,645	99.75%	64,289
2009	23.81	26,929,975	26,429,212	98.14%	352,400	26,781,612	99.45%	148,363
2010	24.01	27,465,527	26,889,271	97.90%	317,328	27,206,599	99.06%	258,928
2011	24.98	28,743,643	28,141,090	97.90%	-	28,141,090	97.90%	602,553

(1) Adjusted tax levy equals the tax levy after lawful corrections, abatements and transfers to suspense.

Source: Town of East Hampton Tax office

TABLE 8**TOWN OF EAST HAMPTON, CONNECTICUT**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	GENERAL OBLIGATION BONDS	CLEAN WATER NOTES	TOTAL	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
2002	\$ 13,155,000	\$ 990,267	\$ 14,145,267	4.09%	\$ 1,243
2003	13,855,000	913,695	14,768,695	4.19%	1,292
2004	12,100,000	850,761	12,950,761	3.70%	1,111
2005	10,375,000	786,557	11,161,557	2.92%	936
2006	11,845,000	721,057	12,566,057	3.20%	1,031
2007	10,220,000	654,235	10,874,235	2.58%	873
2008	8,610,000	586,063	9,196,063	2.04%	733
2009	9,995,000	516,516	10,511,516	2.27%	838
2010	8,410,000	445,565	8,855,565	1.92%	694
2011	7,040,000	373,182	7,413,182	1.77%	570

TABLE 9**TOWN OF EAST HAMPTON, CONNECTICUT**

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	GENERAL OBLIGATION DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	CLEAN WATER NOTES	TOTAL		
2002	\$ 13,155,000	\$ 990,267	\$ 14,145,267	1.59%	\$ 1,243
2003	13,855,000	913,695	14,768,695	1.48%	1,292
2004	12,100,000	850,761	12,950,761	1.11%	1,111
2005	10,375,000	786,557	11,161,557	0.83%	936
2006	11,845,000	721,057	12,566,057	0.83%	1,031
2007	10,220,000	654,235	10,874,235	0.72%	873
2008	8,610,000	586,063	9,196,063	0.59%	733
2009	9,995,000	516,516	10,511,516	0.65%	838
2010	8,410,000	445,565	8,855,565	0.54%	694
2011	7,040,000	373,182	7,413,182	0.45%	570

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

TABLE 10

TOWN OF EAST HAMPTON, CONNECTICUT

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

TAX BASE:

Total tax collections (including interest and lien fees)..... \$ 28,846,587

REIMBURSEMENT OF REVENUE LOST ON:

Tax Relief for Elderly Freeze Grant..... 2,000

TOTAL BASE..... \$ 28,848,587

	GENERAL PURPOSE	SCHOOLS	SEWER	URBAN RENEWAL	PENSION DEFICIT
<u>DEBT LIMITATION:</u>					
2 1/4 times base.....	\$ 64,909,321	\$	\$	\$	\$
4 1/2 times base.....		129,818,642			
3 3/4 times base.....			108,182,201		
3 1/4 times base.....				93,757,908	
Capital outlay.....					86,545,761
TOTAL LIMITATIONS.....	<u>64,909,321</u>	<u>129,818,642</u>	<u>108,182,201</u>	<u>93,757,908</u>	<u>86,545,761</u>
<u>INDEBTEDNESS:</u>					
Bonds/Notes.....	5,582,000	1,458,000	373,182		
Less school building grants.....		(500,465)			
Less sewer assessment receivable.....			(248)		
NET INDEBTEDNESS.....	<u>5,582,000</u>	<u>957,535</u>	<u>372,934</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT.....	<u>\$ 59,327,321</u>	<u>\$ 128,861,107</u>	<u>\$ 107,809,267</u>	<u>\$ 93,757,908</u>	<u>\$ 86,545,761</u>

The total net indebtedness above amounts to: \$ 6,912,469

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 201,940,109

There is no overlapping debt for the Town of East Hampton

TABLE 11**TOWN OF EAST HAMPTON, CONNECTICUT**LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	DEBT LIMIT	NET DEBT APPLICABLE TO LIMIT	LEGAL DEBT MARGIN	TOTAL NET DEBT APPLICABLE
2002	\$ 117,556,432	\$ 10,282,552	\$ 107,273,880	8.75%
2003	127,036,518	9,755,605	117,280,913	7.68%
2004	136,052,000	8,323,000	127,729,000	6.12%
2005	150,227,000	9,648,000	140,579,000	6.42%
2006	162,155,000	9,874,000	152,281,000	6.09%
2007	169,056,699	10,401,858	158,654,841	6.15%
2008	180,607,840	9,183,692	171,424,148	5.08%
2009	188,416,039	10,511,516	177,904,523	5.58%
2010	191,450,035	7,924,285	183,525,750	4.14%
2011	201,940,109	6,912,469	195,027,640	3.42%

TABLE 12

TOWN OF EAST HAMPTON, CONNECTICUTDEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	(1) POPULATION	(4) AVERAGE HOUSEHOLD INCOME	(3) PER CAPITA INCOME	(4) MEDIAN AGE	(4) EDUCATION LEVEL IN YEARS OF FORMAL SCHOOLING	(2) SCHOOL ENROLLMENT	(3) UNEMPLOYMENT RATE
2002	11,381	\$ 83,443	\$ 30,358	31	N/A	2,001	4.60%
2003	11,435	79,878	30,848	32	N/A	2,027	5.90%
2004	11,660	76,710	30,017	31	N/A	2,126	4.90%
2005	11,927	97,874	32,080	32	30% Bachelor Degree or more	2,164	5.60%
2006	12,194	100,205	32,213	32	N/A	2,088	4.50%
2007	12,459	79,771	33,877	31	N/A	2,087	4.80%
2008	12,548	87,173	35,911	32	N/A	2,073	5.80%
2009	12,548	85,262	36,879	32	30% Bachelor Degree or more	2,064	7.70%
2010	12,766	90,470	36,115	32	30% Bachelor Degree or more	2,002	8.70%
2011	12,999	82,529	32,187	32	33% Bachelor Degree or more	1,944	9.60%

(1) Source: State of Connecticut, Department of Health Services, US Census.

(2) Town of East Hampton, Board of Education.

(3) Department of Labor, State of Connecticut.

(4) Connecticut Economic Resource Center.

N/A - Information not available

TABLE 13

TOWN OF EAST HAMPTON, CONNECTICUT

PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

EMPLOYER	2011			2002		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Town of East Hampton	388	1	20.43%	319	1	18.18%
Stop & Shop Supermarket	149	2	7.85%			
Cobalt Lodge	75	3	3.95%	76	2	4.33%
Northeast Utilities	50	4	2.63%	50	3	2.85%
American Distilling	50	5	2.63%	45	4	2.56%
Bevin Brothers	14	6	0.74%	29	5	1.65%
EMS		7		22	6	1.25%
J.C. Barton				10	7	0.57%
TOTAL	<u>726</u>		<u>38.24%</u>	<u>551</u>		<u>31.40%</u>

Source: Connecticut Department of Labor

Note: All other employers have less than 10 employees.

TABLE 14

TOWN OF EAST HAMPTON, CONNECTICUTFULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION / PROGRAM	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>Administrative and General Government</u>										
Town Clerk	2.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Town Manager's Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Registrar of Voters	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Town Planning and Zoning	4.0	5.0	5.0	3.0	3.0	3.5	3.5	3.5	3.5	4.0
Human Resources	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Facilities / Building Maintenance	3.3	3.3	3.3	3.3	3.0	3.0	3.0	3.0	3.0	3.0
<u>Finance</u>										
Finance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0
Assessor	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.0	2.0	2.0
Tax Collector	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<u>Public Safety</u>										
Fire Marshal	0.5	0.5	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Police	17.0	19.0	19.0	19.0	18.0	18.0	18.0	17.0	16.0	16.0
Animal Control	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.5
Emergency Communications Center	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Public Works</u>										
Public Works Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Works Operations	14.0	14.0	14.0	14.0	14.0	14.0	14.0	13.0	13.0	12.0
Water Pollution Control	11.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<u>Health, Social and Senior Services</u>										
Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Social and Human Services	1.3	1.3	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Senior Services	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5	1.5	1.5
<u>Library</u>	8.0	7.5	7.5	7.5	7.0	7.0	6.0	6.0	6.0	6.0
<u>Recreation</u>										
Parks and Recreation	5.2	5.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
GRAND TOTAL	87.8	90.3	90.3	87.8	86.0	86.5	85.0	82.5	82.0	82.5

Source: Town Human Resources Department.

TABLE 15

TOWN OF EAST HAMPTON, CONNECTICUT

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION / PROGRAM	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>TOWN</u>										
Administrative and General Government.....	15.30	16.30	16.30	14.30	14.00	14.50	14.50	14.50	14.50	14.00
Finance.....	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.00	10.00	11.00
Public Safety.....	18.50	20.50	20.50	21.00	20.00	20.00	20.00	19.00	18.50	18.50
Public Works.....	27.00	27.00	27.00	26.00	26.00	26.00	26.00	25.00	25.00	24.00
Health, Social and Senior Services.....	3.30	3.30	3.50	3.50	3.50	3.50	3.00	3.00	3.00	4.00
Library.....	8.00	7.50	7.50	7.50	7.00	7.00	6.00	6.00	6.00	6.00
Recreation.....	5.20	5.20	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
TOTAL.....	87.80	90.30	90.30	87.80	86.00	86.50	85.00	82.50	82.00	82.50
<u>BOARD OF EDUCATION</u>										
Certified.....	177.00	177.00	180.00	176.00	165.00	164.00	N/A	N/A	N/A	N/A
Non-Certified.....	123.00	123.00	123.00	115.00	108.00	94.00	N/A	N/A	N/A	N/A
TOTAL.....	300.00	300.00	303.00	291.00	273.00	258.00	-	-	-	-
TOTAL.....	387.80	390.30	393.30	378.80	359.00	344.50	85.00	82.50	82.00	82.50

Source: Town and Board of Education Human Resource Departments.

TABLE 16

TOWN OF EAST HAMPTON, CONNECTICUT
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN YEARS
 (UNAUDITED)

FUNCTION / PROGRAM	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Public safety										
Fire										
Incidents	400	334	323	361	341	345	322	288	N/A	N/A
Fire Marshall Inspections	206	226	258	277	235	265	219	259	N/A	N/A
Police										
Criminal arrests	247	177	210	170	201	181	164	155	125	86
Parking violations	9	-	12	9	20	12	18	3	22	12
Citations	228	380	293	232	373	384	273	317	335	199
Public works										
Street resurfacing (paved miles)	6	6	11	-	7	-	5	2	-	N/A
Storm drains cleaned	1,024	356	940	1,029	2,529	2,234	1,309	1,578	1,334	1,779
Refuse collection										
Parks and recreation										
Sessions / Classes	200	225	275	325	260	260	240	240	225	215
Program enrollments	3,040	2,562	3,772	4,000	3,700	4,125	3,660	3,360	3,150	3,010
Library										
Volumes in collection	70,104	74,721	74,085	69,680	65,782	61,477	57,489	54,837	51,690	48,894
Total volumes borrowed	138,042	134,974	129,772	124,887	118,958	108,321	101,950	96,660	91,211	87,608
Education										
School enrollment	1,944	2,002	2,064	2,073	2,087	2,088	2,164	2,126	2,027	2,001

Source: Various Town Departments.

N/A - Information not available

TABLE 17

TOWN OF EAST HAMPTON, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS
(UNAUDITED)

FUNCTION / PROGRAM	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
PARKS AND RECREATION:										
Playgrounds	12	12	12	12	12	12	11	10	10	10
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer	4	4	4	4	4	4	4	4	3	3
Community centers	1	1	1	1	1	1	1	1	1	1
PUBLIC SAFETY:										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Police department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	8	8	8	7	7	7	7
PUBLIC WORKS:										
Highway department										
Streets (miles)	90.8	90.4	90.0	88.5	88.5	88.5	87.0	85.6	84.1	83.8
Wastewater										
Sanitary sewers (miles)	42.96	42.96	42.96	40.38	40.38	40.10	39.35	38.60	37.80	37.80
Treatment capacity (thousands of gallons)	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
LIBRARIES:										
Number of public libraries	2	2	2	2	2	2	2	2	2	2
EDUCATION:										
High schools	1	1	1	1	1	1	1	1	1	1
Middle schools	1	1	1	1	1	1	1	1	1	1
Elementary schools	2	2	2	2	2	2	2	2	2	2

Source: Town capital asset records and various Town Departments.

N/A - Information not available