

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**TOWN OF EAST HAMPTON,  
CONNECTICUT**

**YEAR ENDED**

**JUNE 30, 2012**

**PREPARED BY:  
THE FINANCE DEPARTMENT**

**JEFFERY M. JYLKKA, FINANCE DIRECTOR**

**TOWN OF EAST HAMPTON, CONNECTICUT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2012**

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## **Introductory Section**

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**TOWN OF EAST HAMPTON, CONNECTICUT**

LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2012

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**TOWN COUNCIL**

Susan B. Weintraub, Chairperson  
Glenn S. Suprono, Vice Chairman  
Kyle R. Dostaler  
Ted Hintz, Jr.  
Derek M. Johnson  
Barbara W. Moore  
George Pfaffenbach

**BOARD OF FINANCE**

Matthew Walton, Chairman  
Tim Csere, Vice Chairperson  
Patience Anderson  
Mary Ann Dostaler  
Dave Monighetti  
Tom O'Brien  
Ted Turner

**BOARD OF EDUCATION**

Mark Laraia, Chairman  
Kenneth Barber  
Joanne Barmasse  
Donald Coolican  
Glen Gemma  
Carol Lane  
William Marshall  
Scott Minnick  
Josh Piteo

Superintendent of Schools

Dr. Judith Golden

**EAST HAMPTON ADMINISTRATIVE OFFICIALS**

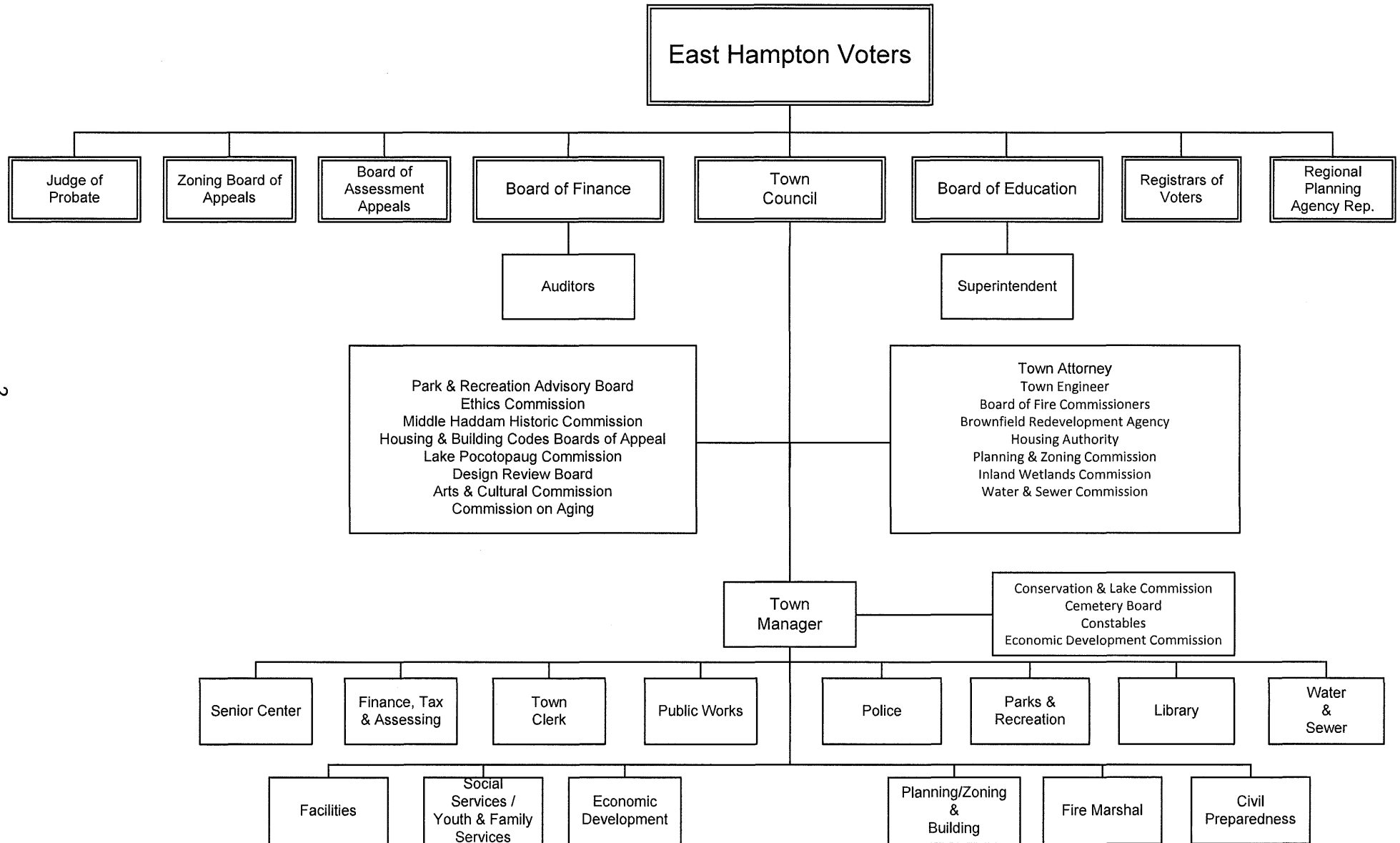
John Weichsel, Interim Town Manager

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

## *TOWN OF EAST HAMPTON*

*Jeffery M. Jylkka*  
Finance Director  
860.267.7548

*20 East High Street  
East Hampton, CT 06424*

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December 21, 2012

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, 2012. 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.

CohnReznick 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, 2012, 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, 2012, 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 2012 population was 12,989. 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 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 have decreased 22% to 7.5% and are below 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.

Renovations to the High School are being discussed by the High School Building Committee and major renovations to the Senior Center are substantially complete. The Senior Center project is being funded through the State's Small Cities Grant program as well as 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 will be completed before January 2013. A roof replacement project for Memorial School began during the fiscal year and was completed during Fall of 2012. A major road improvement program has begun and will continue through the end of fiscal year 2015.

Residential housing values throughout the Town have remained relatively unchanged compared to a year ago. Building permits for residential and commercial development have decreased slightly compared to last year.

The Town of East Hampton is well positioned to accept and meet the challenges posed by the 21<sup>st</sup> 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 maintain its unassigned fund balance, which represents 11.4% of general fund expenditures and transfers out. 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 through its Capital Committee prepares a five year capital improvement plan for the acquisition, new construction, and repair and replacement of municipal facilities and equipment. The purpose of this plan is to maintain the Town's infrastructure and make improvements to and/or add community facilities to enhance the Town's overall image and services it provides to Town residents.

The Town issued short-term debt during fiscal year 2013 to finance the Memorial School roof, and oil tank replacement projects and road improvement projects. Renovations to the High School are scheduled to go to referendum during the 2013 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. A use of fund balance policy was established by the Board of Finance and Town Council, the overall purpose was to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time emergency expenditures. The fund balance policy goal is to maintain General Fund unreserved unassigned fund balance between 8-10% of budgeted operating expenditures.

The Town also drafted a debt policy to establish parameters and guidance for the Board of Finance and Town Council to make decisions on capital spending and issuance of debt as a means to fund them.

There were no developments at the State level that impacted the current year financial statements.

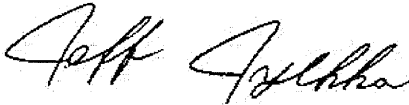
### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011, which was the first award the Town has received. 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 CohnReznick 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,

A handwritten signature in black ink, appearing to read "Jeff Jylkka". The signature is fluid and cursive, with the first name "Jeff" and last name "Jylkka" clearly distinguishable.

Jeffery M. Jylkka  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of East Hampton  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davidson*

President

*Jeffrey R. Enner*

Executive Director

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## **Financial Section**

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INDEPENDENT AUDITORS' REPORT

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, 2012, 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, 2012, 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 21, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the East Hampton Retirement System and Other Post Employment Benefit Plans Schedules of Funding Progress, and Employer Contributions on Pages 10 through 19 and Pages 61 and 62, 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 financial statements as a whole. The introductory section, supplemental schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The supplemental schedules 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 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 financial statements as a whole. The introductory and statistical sections have 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 them.

*CohnReznick LLP*

Farmington, Connecticut  
December 21, 2012

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

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## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2012

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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, 2012.

### **Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$81,691,187 (*net assets*). Of this amount, \$8,359,229 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- Unrestricted net assets decreased slightly from last year due to small changes in the restricted amounts.
- The Town's total net assets increased by \$2,205,695. The increase is due substantially to capital assets additions in excess of depreciation expense, increased net assets of the internal service funds for \$218,328 and 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 \$11,212,786, an increase of \$154,213 in comparison with the prior year. This increase is a result of positive operations of \$230,501 in the General Fund, a \$308,849 positive operating activity in the Capital Reserve Fund as a result of timing of funding and capital purchases and a \$507,931 deficit operating activity in the Capital Initiatives Fund. \$7,167,247 of the total fund balance is nonspendable, restricted, committed or assigned, leaving an *unassigned fund balance* in the amount of \$4,045,539.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,365,605, an increase of \$14,951 in comparison with the prior year. This represents 11.4% 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 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 a 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 funds and fiduciary funds.

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

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

The Town reports 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 reserve 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 two proprietary funds. 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 funds to account for its self-insured dental benefits and Board of Education retiree medical benefits. 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 funds 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 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 2.8% from a year ago – increasing from \$79,485,492 to \$81,691,187.

By far the largest portion of the Town's net assets (85.87%) 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, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
Current and other assets	\$ 17,823,428	\$ 17,242,132
Capital assets, net of accumulated depreciation	76,537,664	75,360,082
<b>Total assets</b>	<b>94,361,092</b>	<b>92,602,214</b>
Long-term liabilities outstanding	8,606,420	9,446,439
Other liabilities	4,063,485	3,670,283
<b>Total liabilities</b>	<b>12,669,905</b>	<b>13,116,722</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	70,148,958	67,987,584
Restricted	3,183,000	3,031,388
Unrestricted	8,359,229	8,466,520
<b>Total Net Assets</b>	<b>\$ 81,691,187</b>	<b>\$ 79,485,492</b>

A portion of the Town's net assets (3.90%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (10.23%) 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 \$2,205,695. Key elements of this increase are as follows:

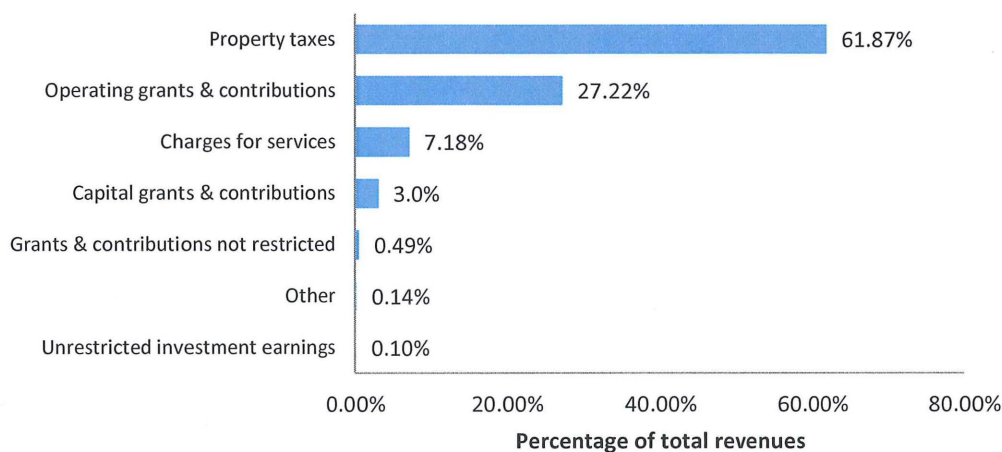
**TOWN OF EAST HAMPTON, CONNECTICUT**

**STATEMENT OF CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2012 AND 2011**

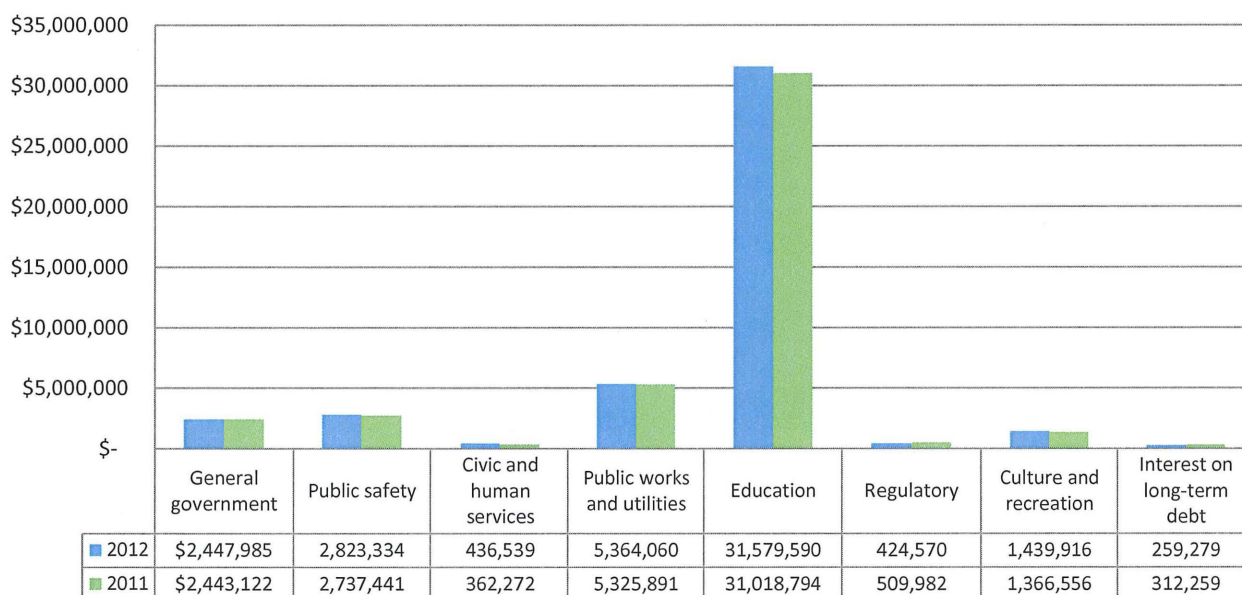
	<b>2012</b>	<b>2011</b>
<b>REVENUES:</b>		
Program revenues:		
Charges for services	\$ 3,374,160	\$ 3,307,165
Operating grants and contributions	12,786,216	12,786,945
Capital grants and contributions	1,422,995	496,985
General revenues:		
Property taxes	29,054,004	29,078,949
Grants and contributions not restricted to specific programs	229,541	251,865
Investment income	47,794	80,509
Other	66,258	174,713
<b>TOTAL REVENUES</b>	<b>46,980,968</b>	<b>46,177,131</b>
<b>EXPENSES:</b>		
General government	2,447,985	2,443,122
Public safety	2,823,334	2,737,441
Civic and human services	436,539	362,272
Public works and utilities	5,364,060	5,325,891
Education	31,579,590	31,018,794
Regulatory	424,570	509,982
Culture and recreation	1,439,916	1,366,556
Interest	259,279	312,259
<b>TOTAL EXPENSES</b>	<b>44,775,273</b>	<b>44,076,317</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,205,695</b>	<b>2,100,814</b>
<b>NET ASSET - JULY 1</b>	<b>79,485,492</b>	<b>77,384,678</b>
<b>NET ASSETS - JUNE 30</b>	<b>\$81,691,187</b>	<b>\$79,485,492</b>

- The \$926,010 increase in capital grants and contributions was substantially due to a Small Cities grant to build an addition to the Senior Center (\$626,159) and a School Construction grant to replace the roof at Memorial School (\$585,499).
- Education expenses increased by \$560,796 primarily as a result of increases in contractual obligations, including teachers' salaries and benefits and retirement plan contributions made by the State on-behalf of the Town's teachers.

## 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 \$11,212,786. \$7,167,247 is not available for new spending because it has already been classified as 1) nonspendable (\$231,050) consisting of prepaid insurance for (\$215,550) and library endowment for (\$15,500) 2) restricted (\$3,167,500), 3) committed (\$3,332,988) and 4) assigned (\$435,709).

The total fund balance increased by \$154,213 to \$11,212,786. This increase is a result of positive operations of \$230,501 in the General Fund, a \$308,849 positive operating activity in the Capital Reserve Fund as a result of timing of funding and capital purchases and a \$507,931 deficit operating activity in the Capital Initiatives fund.

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 \$4,365,605. 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 11.4% of total general fund expenditures and transfers out.

The fund balance of the Town's general fund increased by \$230,501 during the current fiscal year due to favorable back tax collections.

**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 expenditures exceeded its revenues by \$507,931 substantially as a result of timing differences relating to the financing of the Memorial School projects.

**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 \$308,849 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 \$664,581. The increase in budget can be briefly summarized as follows:

Revised revenue appropriations totaled \$464,501, which was approved for the annual supplemental appropriation to the Board of Education for the special education excess cost grant. An additional appropriation from fund balance was approved for \$200,080 to be transferred to the Capital Initiatives Fund.

Other significant transfers done during the year were as follows:

- The transfers out appropriation line received transfers of \$374,490 primarily from the following accounts; employee benefits (\$100,000), contingency (\$100,000), debt interest (\$49,400), Public Works overtime (\$42,000) and the Town Manager salary account (\$36,000). This transfer was used to provide additional funding to the Capital Reserve Fund.
- The Legal Defense/Fee account received transfers of \$49,309 from the Tax Collector, Conservation & Lake Commission, Community Center, Employee Benefits and Insurance accounts.

### **Capital Assets and Debt Administration**

**Capital assets.** The Town's investment in capital assets for its governmental type activities as of June 30, 2012, amounts to \$76,537,664 (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 increase in the Town's investment in capital assets for the current fiscal year was \$1,177,582 (1.56%). This increase is largely due to increase in construction in progress and infrastructure during the 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 Memorial School Roof project (\$955,925)
- Construction in progress relating to the Senior Center Renovation project (\$548,039)
- Machinery and equipment purchase of a John Deer backhoe (\$156,193)
- Infrastructure additions for the completion of the Flanders Road project (\$1,408,644)

### **TOWN OF EAST HAMPTON, CONNECTICUT**

#### **CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)**

	<b>2012</b>	<b>2011</b>
Land	\$ 2,343,992	\$ 2,334,242
Intangible assets (net of accumulated amortization)	732,950	741,300
Construction in progress	3,432,170	2,962,809
Buildings	29,553,361	30,253,908
Improvements other than buildings	617	617
Machinery and equipment	3,662,585	3,533,296
Infrastructure	36,811,989	35,533,910
Total	<u>\$ 76,537,664</u>	<u>\$ 75,360,082</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 \$6,115,000. All debt is backed by the full faith and credit of the Town. The remainder of the Town's debt represents notes totaling \$299,338 due to the State of Connecticut Clean Water Fund.

**TOWN OF EAST HAMPTON, CONNECTICUT**

**OUTSTANDING DEBT  
LONG - TERM OBLIGATIONS**

	<u>2012</u>	<u>2011</u>
General obligation bonds	\$ 6,115,000	\$ 7,040,000
Clean water notes	299,338	373,182
Total	<u>\$ 6,414,338</u>	<u>\$ 7,413,182</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 \$203,328,377, 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. F.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the Town is currently 7.5% which is a decrease from a rate of 9.6% a year ago. This is lower than both the state's average unemployment rate of 8.4% and the Hartford Labor Market rate of 8.5%. While Connecticut is still in line with the national average of 8.2%, the overall trend has been clearly negative and unemployment rates are expected to stay elevated through 2013.
- Inflationary trends in the region compare favorably to national indices.
- Connecticut's economic and business growth remains flat. This lack of growth will have a negative impact on the amount of revenue the state receives from taxes. This will affect the amount of intergovernmental revenues the Town will receive in fiscal year 2013 and thereafter.
- Residential construction decreased with approximately 4 new building permits issued this year compared to 18 issued in 2011. 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 2013 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.

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## **Basic Financial Statements**

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**TOWN OF EAST HAMPTON, CONNECTICUT**

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 8,910,434
Investments.....	3,900,748
Receivables:	
Property taxes.....	573,191
Assessments.....	107,733
Intergovernmental.....	1,425,811
Loan.....	125
Other.....	44,576
Other assets.....	<u>253,597</u>
Total current assets.....	<u>15,216,215</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted investments.....	825
Permanently restricted investments.....	<u>15,500</u>
Total restricted assets.....	<u>16,325</u>
Receivables (net):	
Property taxes.....	715,662
Assessments.....	132,161
Intergovernmental.....	163,417
Loan.....	<u>181,507</u>
Total receivables (net).....	<u>1,192,747</u>
Other noncurrent assets:	
Net pension asset.....	<u>1,398,141</u>
Capital assets (net of accumulated depreciation):	
Land.....	2,343,992
Intangible assets (net of accumulated amortization).....	732,950
Construction in progress.....	3,432,170
Buildings.....	29,553,361
Improvements other than buildings.....	617
Machinery and equipment.....	3,662,585
Infrastructure.....	<u>36,811,989</u>
Total capital assets (net of accumulated depreciation).....	<u>76,537,664</u>
Total noncurrent assets.....	<u>79,144,877</u>
TOTAL ASSETS.....	<u>94,361,092</u>

(Continued)

TOWN OF EAST HAMPTON, CONNECTICUT

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	GOVERNMENTAL ACTIVITIES
<u>LIABILITIES</u>	
LIABILITIES:	
Current liabilities:	
Accounts payable and other liabilities.....	\$ 2,151,839
Accrued payroll.....	440,278
Accrued interest payable.....	98,541
Unearned revenue.....	222,819
Bonds and notes payable.....	977,728
Compensated absences.....	110,868
Other.....	61,412
Total current liabilities.....	4,063,485
Noncurrent liabilities:	
Bonds, notes and related liabilities.....	5,410,978
Compensated absences.....	1,472,965
Net OPEB obligation.....	972,477
Environmental obligation.....	750,000
Total noncurrent liabilities.....	8,606,420
TOTAL LIABILITIES.....	12,669,905
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt.....	70,148,958
Restricted for:	
Endowments:	
Nonexpendable.....	15,500
Expendable.....	825
Public works.....	3,138,464
Education.....	28,211
Unrestricted.....	8,359,229
TOTAL NET ASSETS.....	\$ 81,691,187
	(Concluded)

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

TOWN OF EAST HAMPTON, CONNECTICUTSTATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:					
General government.....	\$ 2,447,985	\$ 307,991	\$ 348,218	\$ 13,554	\$ (1,778,222)
Public safety.....	2,823,334	77,903	99,505		(2,645,926)
Civic and human services.....	436,539	550	24,626	626,159	214,796
Public works and utilities.....	5,364,060	2,166,724	623,108		(2,574,228)
Education.....	31,579,590	501,103	11,675,943	585,499	(18,817,045)
Regulatory.....	424,570	110,638			(313,932)
Culture and recreation.....	1,439,916	209,251	14,816	197,783	(1,018,066)
Interest expense.....	259,279				(259,279)
TOTAL.....	\$ 44,775,273	\$ 3,374,160	\$ 12,786,216	\$ 1,422,995	\$ (27,191,902)
GENERAL REVENUES:					
Property taxes.....					\$ 29,054,004
Grants and contributions not restricted to specific programs.....					229,541
Investment income.....					47,794
Miscellaneous.....					66,258
TOTAL GENERAL REVENUES.....					29,397,597
CHANGE IN NET ASSETS.....					2,205,695
NET ASSETS - JULY 1, 2011.....					79,485,492
NET ASSETS - JUNE 30, 2012.....					\$ 81,691,187

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

**TOWN OF EAST HAMPTON, CONNECTICUT**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	GENERAL	CAPITAL INITIATIVES	CAPITAL RESERVE	OTHER GOVERNMENTAL FUNDS	TOTAL
<b><u>ASSETS</u></b>					
Cash.....	\$ 3,614,224	\$ 3,667,717	\$	\$ 1,540,853	\$ 8,822,794
Investments.....	1,960,818			1,956,255	3,917,073
Receivables:					
Property taxes.....	1,066,273				1,066,273
Assessments and user charges.....				186,531	186,531
Intergovernmental .....	309,561	585,500	96,753	268,026	1,259,840
Loans.....				213,707	213,707
Other.....	12,565		2,992	29,019	44,576
Due from other funds.....	491,292	119,605	2,308,723	1,641,718	4,561,338
Other.....	215,550			38,047	253,597
<b>TOTAL ASSETS.....</b>	<b>\$ 7,670,283</b>	<b>\$ 4,372,822</b>	<b>\$ 2,408,468</b>	<b>\$ 5,874,156</b>	<b>\$ 20,325,729</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Accounts and other payables.....	\$ 978,590	\$ 962,199	\$ 34,505	\$ 239,762	\$ 2,215,056
Accrued payroll.....	440,278				440,278
Due to other funds.....	557,043	3,730,689		603,702	4,891,434
Deferred revenue.....	942,143			401,213	1,343,356
Unearned revenue.....	171,074			51,745	222,819
<b>Total liabilities.....</b>	<b>3,089,128</b>	<b>4,692,888</b>	<b>34,505</b>	<b>1,296,422</b>	<b>9,112,943</b>
Fund balances:					
Nonspendable.....	215,550			15,500	231,050
Restricted.....				3,167,500	3,167,500
Committed.....			2,373,963	959,025	3,332,988
Assigned.....				435,709	435,709
Unassigned.....	4,365,605	(320,066)			4,045,539
<b>Total fund balances .....</b>	<b>4,581,155</b>	<b>(320,066)</b>	<b>2,373,963</b>	<b>4,577,734</b>	<b>11,212,786</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 7,670,283</b>	<b>\$ 4,372,822</b>	<b>\$ 2,408,468</b>	<b>\$ 5,874,156</b>	<b>\$ 20,325,729</b>

(Continued)

TOWN OF EAST HAMPTON, CONNECTICUT

RECONCILIATION OF FUND BALANCE  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2012

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).....	\$ 11,212,786
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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.....	75,360,082
Current capital asset additions.....	2,927,665
Depreciation expense.....	(1,748,499)
Disposal and sale of capital assets.....	(1,584)

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.....	371,943
Property tax, sewer assessment, and community development block grant receivable - accrual basis change.....	1,343,356
School building grant receivable.....	329,388
Allowance for doubtful accounts.....	(128,075)
Net pension asset.....	1,398,141

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

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.....	419,541
---	---------

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.....	(6,414,338)
Premium.....	(44,224)
Deferred charge on refunding.....	69,856
Compensated absences.....	(1,583,833)
Net OPEB obligation.....	(972,477)
Environmental obligation.....	(750,000)
Accrued interest payable.....	(98,541)

NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT A).....	\$ 81,691,187
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(Concluded)

## TOWN OF EAST HAMPTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012

	GENERAL	CAPITAL INITIATIVES	CAPITAL RESERVE	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:					
Property taxes.....	\$ 29,094,729	\$	\$	\$	\$ 29,094,729
Intergovernmental.....	11,601,455	1,211,658	211,337	1,572,421	14,596,871
Charges for services.....	480,281			2,887,691	3,367,972
Income on investments.....	25,612	1,138	9,093	11,951	47,794
Contributions and donations.....				12,958	12,958
Miscellaneous.....	12,302	650	18,611	34,695	66,258
TOTAL REVENUES.....	41,214,379	1,213,446	239,041	4,519,716	47,186,582
EXPENDITURES:					
Current:					
General government.....	3,162,339		24,774	183,990	3,371,103
Public safety.....	2,110,955		207,237	73,005	2,391,197
Public works and utilities.....	1,938,654		263,925	1,936,068	4,138,647
Culture and recreation.....	918,883		44,245	273,657	1,236,785
Civic and human services.....	373,904			21,919	395,823
Regulatory.....	359,986				359,986
Education.....	29,238,599		163,147	1,422,520	30,824,266
Debt service.....	1,175,897			80,633	1,256,530
Capital outlay.....		1,921,457	581,854	497,221	3,000,532
TOTAL EXPENDITURES.....	39,279,217	1,921,457	1,285,182	4,489,013	46,974,869
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,935,162	(708,011)	(1,046,141)	30,703	211,713
OTHER FINANCING SOURCES (USES):					
Transfers in.....		200,080	1,354,990	149,591	1,704,661
Transfers out.....	(1,704,661)			(57,500)	(1,762,161)
TOTAL OTHER FINANCING SOURCES (USES).....	(1,704,661)	200,080	1,354,990	92,091	(57,500)
NET CHANGE IN FUND BALANCE.....	230,501	(507,931)	308,849	122,794	154,213
FUND BALANCES - JULY 1, 2011.....	4,350,654	187,865	2,065,114	4,454,940	11,058,573
FUND BALANCE - JUNE 30, 2012.....	\$ 4,581,155	\$ (320,066)	\$ 2,373,963	\$ 4,577,734	\$ 11,212,786

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  
YEAR ENDED JUNE 30, 2012

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)..... \$ 154,213

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.....	2,927,665
Depreciation expense.....	<u>(1,748,499)</u>

Total.....	<u>1,179,166</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>(1,584)</u>
----------------------------------	----------------

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.....	(171,077)
Change in property tax, sewer assessment, and community development block grant receivable - accrual basis change..	(42,649)
Change in property tax and sewer assessment interest and lien revenue.....	<u>8,112</u>

Total.....	<u>(205,614)</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:	
Bond premium.....	10,351
Deferred charges.....	(25,403)
Other.....	(98,962)
Principal repayments:	
General obligation bonds and notes.....	<u>998,844</u>

Total .....	<u>884,830</u>
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(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  
YEAR ENDED JUNE 30, 2012**

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.....	\$ (20,366)
Net OPEB obligation.....	(259,039)
Net pension asset.....	86,979
Accrued interest payable.....	13,459
Other.....	<u>155,323</u>
Total .....	<u>(23,644)</u>
Internal Service Funds are used by management to charge costs of various self-insured risk premiums to individual departments.....	<u>218,328</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B).....	\$ <u><u>2,205,695</u></u>
	(Concluded)

TOWN OF EAST HAMPTON, CONNECTICUT

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 28,849,113	\$ 28,849,113	\$ 29,094,729	\$ 245,616
Intergovernmental.....	8,373,937	8,838,438	8,931,579	93,141
Charges for services.....	480,441	480,441	480,281	(160)
Investment income.....	60,000	60,000	25,612	(34,388)
Miscellaneous.....	800	800	12,302	11,502
TOTAL REVENUES.....	37,764,291	38,228,792	38,544,503	315,711
EXPENDITURES:				
Current:				
General government.....	3,426,250	3,186,461	3,162,339	24,122
Public safety.....	2,104,091	2,125,295	2,110,955	14,340
Public works.....	2,022,958	1,950,730	1,938,654	12,076
Regulatory.....	369,151	363,274	359,986	3,288
Health and human services.....	382,024	382,424	373,904	8,520
Culture and recreation.....	952,017	923,217	918,883	4,334
Education.....	26,212,002	26,572,912	26,568,723	4,189
Debt service.....	1,225,298	1,175,898	1,175,897	1
TOTAL EXPENDITURES.....	36,693,791	36,680,211	36,609,341	70,870
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,070,500	1,548,581	1,935,162	386,581
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....		200,080		(200,080)
Transfers out.....	(1,070,500)	(1,748,661)	(1,704,661)	44,000
NET OTHER FINANCING SOURCES (USES).....	(1,070,500)	(1,548,581)	(1,704,661)	(156,080)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	230,501	\$ 230,501
FUND BALANCE - JULY 1, 2011.....			4,350,654	
FUND BALANCE - JUNE 30, 2012.....			\$ 4,581,155	

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, 2012

	GOVERNMENTAL ACTIVITIES
	INTERNAL SERVICE FUNDS
<u>ASSETS</u>	
Cash.....	\$ 111,050
Due from other funds.....	338,524
TOTAL ASSETS.....	449,574
<u>LIABILITIES</u>	
Claims payable.....	30,033
<u>NET ASSETS</u>	
Unrestricted.....	\$ 419,541

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  
YEAR ENDED JUNE 30, 2012

	GOVERNMENTAL ACTIVITIES	INTERNAL SERVICE FUNDS
OPERATING REVENUES:		
Charges for services.....	\$ 489,001	
OPERATING EXPENSES:		
Claims.....	305,529	
Administration.....	22,644	
TOTAL OPERATING EXPENSES.....	328,173	
OPERATING INCOME (LOSS).....	160,828	
TRANSFERS IN.....	57,500	
CHANGE IN NET ASSETS.....	218,328	
TOTAL NET ASSETS - JULY 1, 2011.....	201,213	
TOTAL NET ASSETS - JUNE 30, 2012.....	\$ 419,541	

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

TOWN OF EAST HAMPTON, CONNECTICUTSTATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012

	GOVERNMENTAL ACTIVITIES	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for charges for services.....	\$ 207,979	
Cash paid for benefits and claims.....	(298,906)	
Cash paid for administration.....	(22,646)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES AND NET INCREASE (DECREASE) IN CASH.....	(113,573)	
CASH - JULY 1, 2011.....	224,623	
CASH - JUNE 30, 2012.....	\$ 111,050	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss).....	\$ 160,828	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in:		
Due from other funds.....	(281,024)	
Increase (decrease) in:		
Claims payable.....	6,623	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ (113,573)	
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Transfer from other funds.....	\$ 57,500	

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

TOWN OF EAST HAMPTON, CONNECTICUTSTATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	Pension Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash.....	\$	\$ 535,001
Investments:		
Certificates of deposit.....		4,207
Mutual funds:		
Equity mutual funds.....	13,409,306	46,402
Government agency securities.....		2,208
Corporate bond funds.....	6,752,536	
U.S. government bond fund.....		154,813
Money market.....	1,284,146	
Common stock.....		582,535
Pooled real estate.....	733	
Total investments.....	21,446,721	790,165
TOTAL ASSETS.....	21,446,721	1,325,166
LIABILITIES:		
Accounts payable.....	10,000	1,325,166
Due to other funds.....	8,428	
Total liabilities.....	18,428	1,325,166
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS...	\$ 21,428,293	\$ -

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

TOWN OF EAST HAMPTON, CONNECTICUTSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2012

	Pension Trust Fund
ADDITIONS:	
Contributions:	
Employer.....	\$ 809,304
Plan members.....	417,618
Total contributions.....	1,226,922
Investment income (loss):	
Net change in fair value of investments.....	(302,773)
Interest and dividends.....	475,067
Total investment income (loss).....	172,294
Less investment expenses.....	(68,745)
Net investment income (loss).....	103,549
TOTAL ADDITIONS.....	1,330,471
DEDUCTIONS:	
Benefits.....	1,077,214
Administration.....	39,566
TOTAL DEDUCTIONS.....	1,116,780
CHANGE IN NET ASSETS.....	213,691
NET ASSETS - JULY 1, 2011.....	21,214,602
NET ASSETS - JUNE 30, 2012.....	\$ 21,428,293

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



**TOWN OF EAST HAMPTON, CONNECTICUT****NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012****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 activities) report information on all of the nonfiduciary activities of the Town. *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)

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**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 intergovernmental revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to 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 nonrecurring projects.

Additionally, the Town reports the following fund types:

The *Internal Service Funds* account for risk financing activities for dental insurance benefits and Board of Education retiree benefits.

The *Pension Trust Fund* accounts 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.

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.

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)**

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.

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 and 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).

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

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**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**

In the government-wide financial statements, property tax 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.

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.

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)**

**4. Capital Assets (Continued)**

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

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

**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 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.

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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**7. Fund Equity and Net Assets (Continued)**

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.

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 is expressed by an action of the Town Council.

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.

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

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**7. Fund Equity and Net Assets (Continued)**

Unassigned (Continued)

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 has provided otherwise in its commitment or assignment actions.

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.

**8. Use of 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.

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 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 \$664,581, \$464,501 of which was appropriated from revised revenue appropriations and \$200,080 from fund balance.

- 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.
- 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, 2012 .....	\$38,544,503	\$36,609,341
State Teachers' Retirement on-behalf payment.	<u>2,669,876</u>	<u>2,669,876</u>
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2012 .....	<u>\$41,214,379</u>	<u>\$39,279,217</u>



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

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**C. Capital Projects Authorizations**

The following is a summary of Capital Projects at June 30, 2012:

<u>PROJECT NAME</u>	<u>PROJECT AUTHORIZATION</u>	<u>CUMULATIVE EXPENDITURES</u>	<u>PROJECT BALANCE</u>
Senior Center Renovations.....	\$ 750,000	\$ 725,761	\$ 24,239
Memorial School Oil Tank.....	150,000	137,870	12,130
Memorial School Roof .....	3,290,000	1,001,875	2,288,125
2012 Public Works Road Project.....	3,315,000	233,671	3,081,329
Oakum Dock water easement.....	790,500	733,487	57,013
Pine Brook Culvert.....	400,000	294,647	105,353
TOTALS .....	<u>\$ 8,695,500</u>	<u>\$ 3,127,311</u>	<u>\$ 5,568,189</u>

**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, 2012, there is no appreciation available for appropriation.

**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, 2012, \$2,212,059 of the Town's bank balance of \$12,202,322 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized .....	\$ 1,890,853
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name .....	<u>321,206</u>
Total amount subject to custodial credit risk .....	<u>\$ 2,212,059</u>

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

**III. DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

At June 30, 2012, 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	5-10 YEARS
<b>Mutual Funds:</b>					
Equity.....	\$ 13,455,708	\$ 13,455,708	\$	\$	\$
Government Agency Securities.....	2,208		2,208		
Corporate Bonds.....	6,752,536			6,365,206	387,330
U.S. Government Bonds.....	154,813			154,813	
Money Market.....	1,284,146		1,284,146		
Common Stock.....	582,535	582,535			
Pooled Real Estate.....	733	733			
Certificates of Deposit.....	2,033,706		1,053,995	979,711	
Pooled Fixed Income.....	1,887,574		1,887,574		
<b>TOTAL.....</b>	<b>\$ 26,153,959</b>	<b>\$ 14,038,976</b>	<b>\$ 4,227,923</b>	<b>\$ 7,499,730</b>	<b>\$ 387,330</b>

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.

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

**III. DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

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

RATINGS	GOVERNMENT AGENCY SECURITIES MUTUAL FUNDS	CORPORATE BONDS MUTUAL FUNDS	U.S. GOV'T BONDS MUTUAL FUNDS	MONEY MARKET MUTUAL FUND	POOLED FIXED INCOME
AAA.....	\$ 2,208	\$	\$ 154,813	\$	\$ 1,887,574
AA.....		6,752,536			
UNRATED.....				1,284,146	
TOTAL.....	\$ 2,208	\$ 6,752,536	\$ 154,813	\$ 1,284,146	\$ 1,887,574

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, 2012, including the applicable allowances for uncollectible accounts, are presented below.

	PROPERTY TAXES			CDBG LOANS
	TAXES	INTEREST & LIENS	TOTAL	
Current Portion.....	\$ 501,788	\$ 71,403	\$ 573,191	
Long-term Portion .....	\$ 564,485	\$ 247,177	\$ 811,662	
Less Allowance for Uncollectibles ...	(75,000)	(21,000)	(96,000)	
Net Long-term Portion.....	\$ 489,485	\$ 226,177	\$ 715,662	
	SEWER USE AND ASSESSMENTS			CDBG LOANS
	ASSESSMENTS	INTEREST & LIENS	TOTAL	
Current Portion.....	\$ 83,836	\$ 23,897	\$ 107,733	\$ 125
Long-term Portion .....	\$ 102,695	\$ 29,466	\$ 132,161	\$ 213,582
Less Allowance for Uncollectibles ...				(32,075)
Net Long-term Portion.....	\$ 102,695	\$ 29,466	\$ 132,161	\$ 181,507

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 .....	\$ 942,143	\$
Sewer assessments .....	186,531	
Loan receivable not yet earned .....	214,682	
Unearned charges for services (Special Revenue) .....		51,745
Grant drawdowns prior to meeting eligibility requirements .....		171,074
	<u>\$ 1,343,356</u>	<u>\$ 222,819</u>

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

	BEGINNING BALANCE JULY 1, 2011	INCREASES	DECREASES	ENDING BALANCE JUNE 30, 2012
<b><u>Governmental Activities:</u></b>				
<b><u>Capital Assets, not being Depreciated:</u></b>				
Land .....	\$ 2,334,242	\$ 9,750	\$	\$ 2,343,992
Intangible assets .....	698,000			698,000
Construction in progress .....	2,962,809	2,172,652	1,703,291	3,432,170
Total Capital Assets, not being Depreciated	5,995,051	2,182,402	1,703,291	6,474,162
<b><u>Capital Assets, being Depreciated:</u></b>				
Buildings .....	51,295,922	207,357		51,503,279
Intangible assets .....	60,000			60,000
Improvements other than buildings ....	61,795			61,795
Machinery and equipment .....	8,177,588	537,906	138,922	8,576,572
Infrastructure .....	41,346,753	1,703,291		43,050,044
Total Capital Assets, being Depreciated ...	100,942,058	2,448,554	138,922	103,251,690
Total Capital Assets .....	106,937,109	4,630,956	1,842,213	109,725,852
<b><u>Less Accumulated Depreciation:</u></b>				
Buildings .....	21,042,014	907,904		21,949,918
Intangible assets .....	16,700	8,350		25,050
Improvements other than buildings ....	61,178			61,178
Machinery and equipment .....	4,644,292	407,033	137,338	4,913,987
Infrastructure .....	5,812,843	425,212		6,238,055
Total Accumulated Depreciation and Amortization .....	31,577,027	1,748,499	137,338	33,188,188
Total Capital Assets, being Depreciated, net	69,365,031	700,055	1,584	70,063,502
Governmental Activities Capital Assets, net	<u>\$ 75,360,082</u>	<u>\$ 2,882,457</u>	<u>\$ 1,704,875</u>	<u>\$ 76,537,664</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 .....	\$ 12,819
Public safety .....	153,942
Public works and utilities .....	872,478
Culture and recreation .....	74,875
Education .....	<u>634,385</u>
Total Depreciation Expense - Governmental Activities .....	<u>\$ 1,748,499</u>

**Construction Commitments**

At June 30, 2012, the Town had the following construction commitment:

Memorial Elementary School .....	<u>\$ 1,670,939</u>
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**D. Interfund Accounts**

**1. Interfund Payables and Receivables**

A summary of interfund balances as of June 30, 2012 is as follows:

<u>MAJOR FUNDS</u>	<u>CORRESPONDING</u>		
	<u>FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
GENERAL FUND:			
Public Works .....	N/A	\$ 2,066	\$
Water System .....	N/A		
WPCA Joint Facilities .....	N/A	93,812	
Public Safety .....	N/A	3,230	
Public Works .....	N/A		
School Cafeteria .....	N/A	19,187	
Education Grant .....	N/A	7,429	
Debt Service .....	N/A		90,000
Community Development .....	N/A	77,641	
Internal Service Fund .....	N/A		140,000
Capital Reserve .....	N/A		310,238
Capital Initiatives .....	N/A	197,291	
WPCA Operating .....	N/A	5,538	
Water System .....	N/A		14,629
Culture and Recreation .....	N/A		2,176
Miscellaneous Grant .....	N/A	76,670	
Pension Trust Fund .....	N/A	<u>8,428</u>	
TOTAL GENERAL FUND .....		<u>491,292</u>	<u>557,043</u>

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

III. **DETAILED NOTES (CONTINUED)**

D. **Interfund Accounts (Continued)**

1. **Interfund Payables and Receivables (Continued)**

MAJOR FUNDS	CORRESPONDING		
	FUND	DUE FROM	DUE TO
CAPITAL INITIATIVES:			
Public Works .....	N/A	\$	\$ 591,142
Miscellaneous Grant .....	N/A	119,605	
Capital Reserve .....	N/A		1,998,485
WPCA Joint Facilities .....	N/A		943,771
General Fund .....	N/A		197,291
TOTAL CAPITAL INITIATIVES		119,605	3,730,689
CAPITAL RESERVE:			
General Fund .....	N/A	310,238	
Capital Initiatives .....	N/A	1,998,485	
TOTAL CAPITAL RESERVE ...		2,308,723	-
NONMAJOR FUNDS			
SPECIAL REVENUE FUNDS:			
Miscellaneous Grant.....	General Fund		76,670
Water System.....	General Fund	14,629	
Public Safety .....	General Fund		3,230
WPCA Operating .....	General Fund		5,538
WPCA Operating .....	Internal Service		220
Education Grant .....	General Fund		7,429
School Cafeteria.....	General Fund		19,187
Culture and Recreation .....	General Fund	2,176	
WPCA Joint Facilities .....	General Fund		93,812
Miscellaneous Grant.....	Capital Initiatives		119,605
Public Works .....	Capital Initiatives	591,142	
Public Works .....	General Fund		2,066
Community Development.....	General Fund		77,641
WPCA Joint Facilities .....	Capital Initiatives	943,771	
WPCA Joint Facilities .....	Internal Service		804
TOTAL SPECIAL REVENUE FUNDS		1,551,718	406,202
DEBT SERVICE FUND:			
General Fund .....	N/A	90,000	
Internal Service Fund .....	N/A		197,500
TOTAL DEBT SERVICE FUND		90,000	197,500
INTERNAL SERVICE FUND:			
WPCA Joint Facilities .....	N/A	804	
General Fund .....	N/A	140,000	
WPCA Operating .....	N/A	220	
Debt Service Fund.....	N/A	197,500	
TOTAL INTERNAL SERVICE FUND		338,524	

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

III. **DETAILED NOTES (CONTINUED)**

D. **Interfund Accounts (Continued)**

1. **Interfund Payables and Receivables (Continued)**

<u>FIDUCIARY FUNDS</u>	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
PENSION FUND			
General Fund .....	N/A	\$	\$ 8,428
GRAND TOTAL.....		\$4,899,862	\$4,899,862

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

2. **Interfund Transfers**

A summary of interfund transfers for the year ended June 30, 2012 is as follows:

	<u>CORRESPONDING FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
<b><u>MAJOR FUNDS:</u></b>			
<b><u>GENERAL FUND:</u></b>			
Water System Fund .....	N/A	\$	\$ 16,000
Capital Initiatives Fund .....	N/A		200,080
Debt Service .....	N/A		105,000
Capital Reserve Fund .....	N/A		1,354,990
School Cafeteria .....	N/A		28,591
TOTAL GENERAL FUND .....		-	1,704,661
CAPITAL INITIATIVES FUND.....	General Fund	200,080	-
CAPITAL RESERVE FUND .....	General Fund	1,354,990	-
<b><u>NONMAJOR FUNDS:</u></b>			
<b><u>SPECIAL REVENUE FUNDS:</u></b>			
Water System Fund .....	General Fund	16,000	
School Cafeteria .....	General Fund	28,591	
TOTAL SPECIAL REVENUE FUND.....		44,591	-
<b><u>DEBT SERVICE FUND:</u></b>			
Internal Service.....	N/A		57,500
General Fund .....	N/A	105,000	
TOTAL DEBT SERVICE FUND .....		105,000	57,500
INTERNAL SERVICE FUND.....	Debt Service	57,500	-
GRAND TOTAL.....		\$ 1,762,161	\$ 1,762,161

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

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

**III. DETAILED NOTES (CONTINUED)**

**E. Short-Term Obligations - Bond Anticipation Notes**

In July 2012, the Town issued \$4,310,000 of bond anticipation notes that mature November 15, 2012 and carry an interest rate of 0.5%. On November 7, 2012, the Town issued \$3,535,000 of bond anticipation notes that mature August 2013, and carry a coupon interest rate of 1.25% and a true interest cost of 0.261%.

**F. 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, 2011	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2012	CURRENT PORTION
<b>BONDS:</b>									
Obligation bond.	\$ 2,345,000	08/15/02	08/15/17	3.00%-4.125%	\$ 970,000	\$	\$ 175,000	\$ 795,000	\$ 170,000
Refunding issue	4,005,000	04/01/03	07/15/14	3.375%-4.10%	1,320,000		340,000	980,000	335,000
Obligation bond.	3,175,000	02/01/06	02/01/21	3.40%-5.0%	1,925,000		250,000	1,675,000	250,000
Obligation bond.	2,985,000	04/15/09	07/15/28	2.50%-4.50%	2,825,000		160,000	2,665,000	160,000
TOTAL BONDS.....					7,040,000	-	925,000	6,115,000	915,000
<b>CLEAN WATER NOTES:</b>									
Sewer 247C .....	837,030	03/31/94	03/31/13	2.0%	86,500		49,058	37,442	37,442
Sewer 480C .....	503,694	06/30/02	12/31/21	2.0%	286,682		24,786	261,896	25,286
TOTAL NOTES .....					373,182	-	73,844	299,338	62,728
TOTAL BONDS/NOTES .....					7,413,182	-	998,844	6,414,338	977,728
PREMIUMS.....					54,575		10,351	44,224	
DEFERRED CHARGES ON REFUNDING .....					(95,259)		(25,403)	(69,856)	
TOTAL BONDS/NOTES AND RELATED LIABILITIES.....					7,372,498	-	(983,792)	6,388,706	977,728
COMPENSATED ABSENCES .....					1,563,467	459,548	439,182	1,583,833	110,868
OPEB OBLIGATION .....					713,438	547,039	288,000	972,477	
ENVIRONMENTAL OBLIGATION .....					750,000			750,000	
OTHER.....					155,323		155,323	-	
TOTAL LONG-TERM OBLIGATIONS .....					\$ 10,554,726	\$ 1,006,587	\$ 1,866,297	\$ 9,695,016	\$ 1,088,596



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

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**1. Summary of Changes (Continued)**

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:

<u>FISCAL YEAR ENDED JUNE 30,</u>	<u>AMOUNT TO BE PROVIDED BY STATE PRINCIPAL</u>	<u>NOTES PRINCIPAL</u>	<u>BOND PRINCIPAL</u>	<u>TOTAL INTEREST</u>
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
	<u>\$ 329,388</u>	<u>\$ 299,338</u>	<u>\$ 6,115,000</u>	<u>\$ 1,342,925</u>

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

**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:

<u>CATEGORY</u>	<u>DEBT LIMIT</u>	<u>NET INDEBTEDNESS</u>	<u>BALANCE</u>
General purpose.....	\$ 65,355,550	\$ 5,012,000	\$ 60,343,550
Schools.....	130,711,100	773,612	129,937,488
Sewers.....	108,925,916	299,096	108,626,820
Urban renewal.....	94,402,461		94,402,461
Pension deficit.....	87,140,733		87,140,733

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$203,328,377.

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 \$329,388 for bond principal are reflected as deductions in the computation of net indebtedness.

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

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**3. Authorized/Unissued Bonds**

The amount of authorized, unissued bonds for general purposes at June 30, 2012 is as follows:

<u>PURPOSE OF BONDS</u>	<u>AUTHORIZED BUT UNISSUED</u>
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
Pine Brook Culvert Replacement.....	400,000
Memorial School Roof and Tank.....	3,440,000
2012 Road Improvement Project .....	<u>3,315,000</u>
TOTAL.....	<u>\$ 8,505,000</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, 2012, the amount of grants received for this project was \$867,800.

**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, 2012, \$960,000 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; therefore, the liability on this property has been reduced to zero.

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

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**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**5. Environmental Cleanup (Continued)**

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.

**G. Restricted Net Assets**

The amount of restricted net assets, which were restricted by enabling legislation, totaled \$2,637,008 at June 30, 2012.

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

**III. DETAILED NOTES (CONTINUED)**

**H. Fund Balance Classifications**

FUND BALANCE COMPONENT	GENERAL FUND	CAPITAL INITIATIVES	CAPITAL RESERVE	NONMAJOR FUNDS	TOTAL
<b><u>NONSPENDABLE:</u></b>					
Permanent Fund Principal	\$	\$	\$	\$ 15,500	\$ 15,500
Prepaid Items	215,550				215,550
TOTAL NONSPENDABLE	215,550	-	-	15,500	231,050
<b><u>RESTRICTED:</u></b>					
Public Works				3,136,701	3,136,701
Culture and Recreation				825	825
Education				28,211	28,211
TOTAL RESTRICTED	-	-	-	3,167,500	3,167,500
<b><u>COMMITTED:</u></b>					
General Government				104,219	104,219
Public Safety				232,399	232,399
Culture and Recreation				157,654	157,654
Education				310,867	310,867
Construction Contracts			2,373,963	153,886	2,527,849
TOTAL COMMITTED	-	-	2,373,963	959,025	3,332,988
<b><u>ASSIGNED:</u></b>					
Debt service				435,709	435,709
<b><u>UNASSIGNED</u></b>					
	4,365,605	(320,066)			4,045,539
TOTAL	\$ 4,581,155	\$ (320,066)	\$ 2,373,963	\$ 4,577,734	\$ 11,212,786

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. In addition, the fund records contributions for benefits for the Board of Education retirees.

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
2011-2012 .....	23,410	305,529	298,906	30,033

**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)

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Commitments and Litigation (Continued)**

**Intermunicipal Agreement**

The Town is party to an intermunicipal 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 standalone 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, 2011, 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, 2012 were as follows:

Annual required contribution	\$ 746,829
Interest on net pension obligation	(104,893)
Adjustment to annual required contribution	<u>80,389</u>
Annual pension cost	722,325
Contributions made	<u>809,304</u>
Increase in net pension asset	86,979
Net pension asset, July 1, 2011	<u>1,311,162</u>
Net pension asset, June 30, 2012	<u>\$ 1,398,141</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, 2011
ACTUARIAL COST METHOD	Projected Unit Credit
AMORTIZATION METHOD	Level Percent
REMAINING AMORTIZATION PERIOD	27 Years Closed

**ACTUARIAL ASSUMPTIONS:**

Investment rate of return	8.0%
Projected salary increases:	
Merit	2.0%
Inflation	2.0%

**5. Three Year Trend Information**

<u>FISCAL</u> <u>YEAR</u> <u>ENDED</u>	<u>ANNUAL</u> <u>PENSION</u> <u>COST (APC)</u>	<u>ACTUAL</u> <u>CONTRIBUTION</u>	<u>PERCENTAGE</u> <u>OF APC</u> <u>CONTRIBUTED</u>	<u>NET</u> <u>PENSION</u> <u>ASSET</u>
2010	\$ 740,518	\$ 771,832	104.0%	\$ 1,226,289
2011	762,888	847,761	111.1%	1,311,162
2012	722,325	809,304	112.0%	1,398,141

**6. Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2011 was as follows:

<u>ACTUARIAL</u> <u>VALUATION</u> <u>DATE</u>	<u>(A)</u> <u>ACTUARIAL</u> <u>VALUE OF</u> <u>ASSETS</u>	<u>(B)</u> <u>ACTUARIAL</u> <u>ACCRUED</u> <u>LIABILITY</u> <u>(AAL)</u> <u>PROJECTED</u> <u>UNIT CREDIT</u>	<u>(A-B)</u> <u>OVER</u> <u>(UNDER)</u> <u>FUNDED</u> <u>AAL</u>	<u>(A/B)</u> <u>FUNDED</u> <u>AAL</u> <u>RATIO</u>	<u>(C)</u> <u>COVERED</u> <u>PAYROLL</u>	<u>[(A-B)/C]</u> <u>OVER (UNDER)</u> <u>FUNDED AAL AS</u> <u>A PERCENTAGE</u> <u>OF COVERED</u> <u>PAYROLL</u>
7/1/2011	\$20,676,026	\$24,121,912	\$ (3,445,886)	85.7%	\$7,372,336	(46.7)%

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, 2012, 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, 2012 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIAL 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, 2011	\$	\$5,525,000	\$(5,525,000)	0.0%	\$11,651,000	(47.4)%
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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, 2011
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.....	\$ 545,000
Interest on net OPEB obligation .....	28,538
Adjustment to annual required contribution .....	<u>(26,499)</u>
Annual OPEB cost.....	547,039
Contributions made .....	<u>288,000</u>
Change in net OPEB obligation.....	259,039
Net OPEB obligation - July 1, 2011.....	<u>713,438</u>
Net OPEB obligation - June 30, 2012 .....	<u>\$ 972,477</u>

**8. Three Year Trend Information**

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION	ACTUAL CONTRIBUTED
<u>BOARD OF EDUCATION</u>				
2010	\$ 487,434	54.0%	\$ 484,434	\$ 263,000
2011	517,004	55.7%	713,438	288,000
2012	547,039	52.7%	972,477	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 \$2,669,876.

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## **Required Supplementary Information**

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TOWN OF EAST HAMPTON, CONNECTICUT

## REQUIRED SUPPLEMENTARY INFORMATION

EAST HAMPTON RETIREMENT SYSTEM AND 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	ACTUARIAL 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
<u>PENSION PLAN</u>						
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%)
July 1, 2011	20,676,026	24,121,912	(3,445,886)	85.7%	7,372,336	(46.7%)
<u>OTHER POST EMPLOYMENT BENEFIT PLAN</u>						
June 30, 2009	\$ -	\$ 6,071,000	\$ (6,071,000)	0.0%	N/A	N/A
2011	-	5,525,000	(5,525,000)	0.0%	\$ 11,651,000	(47.4%)

TOWN OF EAST HAMPTON, CONNECTICUT

## REQUIRED SUPPLEMENTARY INFORMATION

EAST HAMPTON RETIREMENT SYSTEM AND OTHER POST EMPLOYMENT BENEFIT PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

PENSION PLANTOWN EMPLOYEES

2007	\$ 646,582	\$ 646,582	100.0%
2008	551,652	707,485	128.2%
2009	595,784	717,193	120.4%
2010	765,583	771,832	100.8%
2011	787,261	847,761	107.7%
2012	746,829	809,304	108.4%

OTHER POSTEMPLOYMENT BENEFIT PLANBOARD OF EDUCATION

2009	\$ 486,000	\$ 226,000	46.5%
2010	486,000	263,000	54.1%
2011	515,000	288,000	55.9%
2012	545,000	288,000	52.8%

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## **General Fund**

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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  
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Current taxes	\$ 28,043,513	\$ 28,043,513	\$ 27,925,819	\$ (117,694)
Back taxes	375,000	375,000	587,999	212,999
Telephone access share line	42,000	42,000	34,152	(7,848)
Supplemental motor vehicles	175,000	175,000	215,596	40,596
Housing Authority reimbursement	11,000	11,000	12,058	1,058
Interest	200,000	200,000	314,493	114,493
Liens	2,600	2,600	4,612	2,012
Total property taxes	28,849,113	28,849,113	29,094,729	245,616
Intergovernmental Revenues:				
General government:				
FEMA storm reimbursement			90,337	90,337
Environmental Protection Agency			8,525	8,525
State infrastructure (LOCIP)	97,371	97,371	97,371	-
Elderly tax relief	45,000	45,000	45,009	9
Elderly Freeze Exemption			1,166	1,166
Department of Youth Services	16,100	16,100	16,101	1
State-owned property	112,764	112,764	112,810	46
Disability tax relief	1,000	1,000	1,207	207
Veterans' exemption	3,700	3,700	5,266	1,566
Bulletproof vest partnership			829	829
Mashantucket Pequot/Mohegan grant	50,000	50,000	63,163	13,163
Property tax relief	135,616	135,616	148,696	13,080
Other State grants	1,970	1,970	920	(1,050)
Total general government	463,521	463,521	591,400	127,879
Education:				
Principal and interest subsidy school bonds	171,077	171,077	173,630	2,553
Education cost sharing	7,595,720	7,595,720	7,559,422	(36,298)
Special education excess cost		464,501	464,501	-
School transportation	120,381	120,381	119,654	(727)
Adult Education	23,238	23,238	22,972	(266)
Total education	7,910,416	8,374,917	8,340,179	(34,738)
Total intergovernmental revenues	8,373,937	8,838,438	8,931,579	93,141

(Continued)



**TOWN OF EAST HAMPTON, CONNECTICUT**

GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Charges for Services:				
Finance Department	\$ 23,156	\$ 23,156	\$ 27,542	\$ 4,386
Assessor Department	1,200	1,200	1,505	305
Animal control	700	700	715	15
Police Department	6,600	6,600	9,290	2,690
Town Clerk	230,200	230,200	211,333	(18,867)
Planning, zoning and buildings	108,725	108,725	110,448	1,723
Transfer station fees/stickers	52,000	52,000	61,668	9,668
Lease of Town property	28,560	28,560	25,151	(3,409)
Sears Park rent	600	600	550	(50)
Library	15,900	15,900	13,531	(2,369)
Community room rental	400	400	350	(50)
Sears Park stickers	12,000	12,000	17,131	5,131
Blasting permits	400	400	180	(220)
Public Works			887	887
Total charges for services	480,441	480,441	480,281	(160)
Investment income	60,000	60,000	25,612	(34,388)
Miscellaneous:				
Collector of Revenue	500	500	726	226
Fire Marshall			60	60
Board of Education			9,579	9,579
Insurance reimbursement			1,652	1,652
Firefighting			10	10
Middle Haddam Historic District	300	300	275	(25)
Total miscellaneous	800	800	12,302	11,502
Total Revenues	37,764,291	38,228,792	38,544,503	315,711
Other Financing Sources:				
Appropriation of Fund Balance		200,080		(200,080)
Total Revenues and Other Financing Sources	\$ 37,764,291	\$ 38,428,872	\$ 38,544,503	\$ 115,631

(Concluded)

TOWN OF EAST HAMPTON, CONNECTICUT

GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
General Government:				
Town Manager's Department	\$ 300,061	\$ 264,061	\$ 264,039	\$ 22
Council special programs	35,464	31,764	31,752	12
Facilities administrator	114,523	114,523	114,411	112
Legal defense/fees	125,000	174,309	174,309	-
Town Hall and Annex	254,958	254,958	254,871	87
Finance and Accounting	409,778	406,257	406,170	87
Collector of Revenue	167,814	156,974	152,990	3,984
Assessor's Office	175,344	169,462	162,576	6,886
Board of Assessment Appeals	323	754	754	-
Town Clerk's office	177,016	175,016	168,724	6,292
Registrars/elections	48,841	40,246	33,865	6,381
General insurance	230,750	221,079	221,078	1
Probate court	12,527	12,906	12,906	-
Employee benefits	1,216,976	1,107,277	1,107,277	-
Information technology	56,875	56,875	56,617	258
Contingency	100,000			-
Total general government	3,426,250	3,186,461	3,162,339	24,122
Public Safety:				
Police administration	280,897	290,748	290,747	1
Police regular patrol	1,313,044	1,314,662	1,314,662	-
Lake patrol	4,361	4,361	2,472	1,889
Animal Control	32,188	40,888	40,888	-
Firefighting	231,703	231,703	231,024	679
Fire Marshal	36,245	37,280	37,279	1
Town center fire system	10,260	10,260	9,105	1,155
Ambulance association	6,910	6,910	3,142	3,768
Civil Preparedness	8,550	8,550	8,550	-
Communications	118,933	118,933	116,995	1,938
Street lighting	61,000	61,000	56,091	4,909
Total public safety	2,104,091	2,125,295	2,110,955	14,340
Public Works:				
Public Works	1,240,065	1,196,261	1,189,965	6,296
Engineering	60,000	69,006	69,006	-
Town Garage	53,617	51,707	50,881	826
Townwide motor fuel	162,400	157,960	157,955	5
Road materials	348,856	334,866	334,865	1
Transfer station	146,770	129,670	124,722	4,948
Septage disposal	11,250	11,260	11,260	-
Total public works	2,022,958	1,950,730	1,938,654	12,076
Regulatory:				
Planning, zoning and buildings	336,422	341,074	341,074	-
Economic development commission	11,383	11,383	10,536	847
Conservation and lake commission	16,211	5,682	5,681	1
Redevelopment agency	3,365	3,365	1,064	2,301
Middle Haddam Historic District	1,770	1,770	1,631	139
Total regulatory	369,151	363,274	359,986	3,288

(Continued)

**TOWN OF EAST HAMPTON, CONNECTICUT**

GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Health and Human Services:				
Chatham Health District	\$ 105,320	\$ 105,320	\$ 105,320	\$ -
Human Services	112,459	112,459	106,637	5,822
Senior Center	106,345	106,345	105,147	1,198
Transportation	54,100	54,100	52,600	1,500
Community Services	3,800	4,200	4,200	-
Total health and human services	382,024	382,424	373,904	8,520
Culture and Recreation:				
Park and recreation	359,156	359,156	355,488	3,668
Community Center	163,441	150,641	150,108	533
Library	422,420	406,420	406,287	133
Middle Haddam Library	7,000	7,000	7,000	-
Total culture and recreation	952,017	923,217	918,883	4,334
Education	26,212,002	26,572,912	26,568,723	4,189
Debt Service	1,225,298	1,175,898	1,175,897	1
Total Expenditures	36,693,791	36,680,211	36,609,341	70,870
Other Financing Uses:				
Transfers to other funds:				
Capital Reserve Fund	980,500	1,354,990	1,354,990	-
Capital Initiatives Fund		200,080	200,080	-
Water System	60,000	60,000	16,000	44,000
School Cafeteria Fund		28,591	28,591	-
Debt Service	30,000	105,000	105,000	-
Total other financing uses	1,070,500	1,748,661	1,704,661	44,000
Total Expenditures and Other Financing Uses	\$ 37,764,291	\$ 38,428,872	\$ 38,314,002	\$ 114,870

(Concluded)

TOWN OF EAST HAMPTON, CONNECTICUT

GENERAL FUND  
BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS  
YEAR ENDED JUNE 30, 2012

	Original Appropriation	Final Appropriation	Expenditures	Variance with Final Budget
Certified salaries	\$ 13,257,259	\$ 13,257,259	\$ 13,053,654	\$ 203,605
Classified salaries	3,378,331	3,306,259	3,462,602	(156,343)
Employee benefits:				
Medicare and dental	3,808,015	3,795,600	3,496,115	299,485
Unemployment compensation	70,000	70,000	26,242	43,758
Social Security	232,358	227,890	224,754	3,136
Medicare	220,130	219,085	207,563	11,522
Pension	310,000	310,000	310,000	-
Workmen's compensation	88,000	88,000	94,315	(6,315)
Life insurance	56,000	56,000	51,411	4,589
Retiree benefits			140,000	(140,000)
Other	1,980	1,980	3,405	(1,425)
Tuition	378,959	843,460	897,781	(54,321)
Pupil transportation	1,363,000	1,363,000	1,255,535	107,465
Other transportation	5,518	5,518	3,788	1,730
Computer consulting services	66,402	66,402	130,539	(64,137)
Meetings and conferences	20,300	20,300	24,495	(4,195)
Professional/technical services	431,000	521,000	602,393	(81,393)
Public utilities	32,000	32,000	33,043	(1,043)
Building, equipment maintenance and repairs	240,613	240,613	263,202	(22,589)
Heating, ventilation maintenance and repairs	35,000	35,000	50,195	(15,195)
Security system maintenance and repairs	3,500	3,500	1,125	2,375
Vehicle maintenance and repairs	2,500	2,500	35	2,465
Supplies, materials and minor equipment	438,120	438,120	541,822	(103,702)
Fire protection	24,000	24,000	27,552	(3,552)
Refuse removal	33,000	33,000	24,627	8,373
Water and underground tank testing	4,000	4,000	1,247	2,753
Pest control	3,500	3,500	9,571	(6,071)
Tile and carpet replacement	8,500	8,500	6,646	1,854
Equipment rental	109,900	109,900	87,741	22,159
Property and liability insurance	110,000	110,000	119,796	(9,796)
Staff travel	13,112	13,112	9,561	3,551
Communications	57,715	57,715	49,658	8,057
Newspaper advertising	4,613	4,613	101	4,512
Printing and binding	30,923	30,923	26,519	4,404
Other purchased services	70,067	70,067	74,169	(4,102)
Heating oil	369,000	369,000	362,266	6,734
Motor fuel	199,500	199,500	171,110	28,390
Electricity	433,536	433,536	362,864	70,672
Bottled gas	2,000	2,000	2,330	(330)
Textbooks	106,069	106,069	106,607	(538)
Library books/periodicals	33,711	33,711	40,118	(6,407)
Other supplies and materials	52,091	52,091	62,079	(9,988)
Dues and fees	51,202	51,202	43,656	7,546
Equipment	56,178	56,178	106,446	(50,268)
Technology software	400	400		400
Transfers to other funds			103,591	(103,591)
Other			45	(45)
Total expenditures	26,212,002	26,676,503	26,672,314	4,189
Amount reported as transfer out on Schedule 2		(103,591)	(103,591)	-
Amount reported on Schedule 2	\$ 26,212,002	\$ 26,572,912	\$ 26,568,723	\$ 4,189

**SCHEDULE 4****TOWN OF EAST HAMPTON, CONNECTICUT****REPORT OF TAX COLLECTOR****YEAR ENDED JUNE 30, 2012**

Grand List	Uncollected Taxes July 1, 2011	Current Tax Levy	Assessor's		Transferred To Suspense	Net Amount Collectible	Collections			Uncollected Taxes June 30, 2012
			Additions	Deductions			Taxes	Interest and Liens	Total	
2010	\$	\$ 28,758,242	\$ 42,055	\$ 83,537	\$ 11,623	\$ 28,705,137	\$ 28,141,477	\$ 105,197	\$ 28,246,674	\$ 563,660
2009	602,553		1,907	5,481	9,166	589,813	346,059	80,458	426,517	243,754
2008	258,928			177	6,848	251,903	119,776	49,532	169,308	132,127
2007	148,363		298	200	4,913	143,548	69,399	39,869	109,268	74,149
2006	64,289				2,160	62,129	30,278	26,935	57,213	31,851
2005	29,754				743	29,011	15,314	15,229	30,543	13,697
2004	5,882				280	5,602		100	100	5,602
2003	579					579			-	579
2002	279					279			-	279
2001	575					575			-	575
<hr/>										
	\$ 1,111,202	\$ 28,758,242	\$ 44,260	\$ 89,395	\$ 35,733	\$ 29,788,576	28,722,303	317,320	29,039,623	\$ 1,066,273
<hr/>										
							Suspense collections	4,156	4,156	
							Suspense interest and liens	1,966	1,966	
							<hr/>			
Total							\$ 28,726,459	\$ 319,286	\$ 29,045,745	
<hr/>										

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# Nonmajor Governmental Funds

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## **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:

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
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, 2012

	Special Revenue						
	Septage Disposal	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	Public Works
<b>ASSETS</b>							
Cash	\$	\$	\$	\$ 187,625	\$ 23,205	\$ 254,368	\$
Investments	98,879		240,373				
Receivables:							
Assessments and user charges		8,404					
Intergovernmental					18,502	107,261	
Other				683	14,378		
Due from other funds		52,179		2,176			591,142
Other					4,114		
<b>Total Assets</b>	<b>\$ 98,879</b>	<b>\$ 60,583</b>	<b>\$ 240,373</b>	<b>\$ 190,484</b>	<b>\$ 60,199</b>	<b>\$ 361,629</b>	<b>\$ 591,142</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables	\$	\$ 4,774	\$ 4,744	\$ 16,245	\$ 8,710	\$ 14,264	\$ 61,172
Due to other funds			3,230		19,187	7,429	2,066
Deferred revenue		8,404					
Unearned revenue				16,585	4,091	29,069	
<b>Total liabilities</b>	<b>-</b>	<b>13,178</b>	<b>7,974</b>	<b>32,830</b>	<b>31,988</b>	<b>50,762</b>	<b>63,238</b>
Fund Balances:							
Restricted		47,405			28,211		527,904
Committed			232,399	157,654		310,867	
Assigned	98,879						
<b>Total fund balances</b>	<b>98,879</b>	<b>47,405</b>	<b>232,399</b>	<b>157,654</b>	<b>28,211</b>	<b>310,867</b>	<b>527,904</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 98,879</b>	<b>\$ 60,583</b>	<b>\$ 240,373</b>	<b>\$ 190,484</b>	<b>\$ 60,199</b>	<b>\$ 361,629</b>	<b>\$ 591,142</b>

(Continued)

**TOWN OF EAST HAMPTON, CONNECTICUT**

**SCHEDULE 5**

**(2 of 3)**

**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING BALANCE SHEET**

June 30, 2012

	Special Revenue						Total
	Community Development	Miscellaneous Grant	Beneficial Assessment	WPCA Joint Facilities	WPCA Operating		
<b>ASSETS</b>							
Cash	\$	\$ 224,347	\$	\$ 305,980	\$ 432,708	\$	1,428,233
Investments	2,738	117,116	975,504	112,198			1,546,808
Receivables:							
Assessments and user charges			242		177,885		186,531
Intergovernmental	77,641	64,622					268,026
Other				9,424	4,534		29,019
Due from other funds			10,675	943,771			1,599,943
Other				27,248	6,685		38,047
<b>Total Assets</b>	<b>\$ 294,086</b>	<b>\$ 406,085</b>	<b>\$ 986,421</b>	<b>\$ 1,398,621</b>	<b>\$ 621,812</b>	<b>\$</b>	<b>5,310,314</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables	\$	\$ 511	\$	\$ 55,506	\$ 12,424	\$	178,350
Due to other funds	77,641	299,355		94,616	104,789		608,313
Deferred revenue	214,682		242		177,885		401,213
Unearned revenue		2,000					51,745
<b>Total liabilities</b>	<b>292,323</b>	<b>301,866</b>	<b>242</b>	<b>150,122</b>	<b>295,098</b>		<b>1,239,621</b>
Fund Balances:							
Restricted	1,763		986,179	1,248,499	326,714		3,166,675
Committed		104,219					805,139
Assigned							98,879
<b>Total fund balances</b>	<b>1,763</b>	<b>104,219</b>	<b>986,179</b>	<b>1,248,499</b>	<b>326,714</b>		<b>4,070,693</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 294,086</b>	<b>\$ 406,085</b>	<b>\$ 986,421</b>	<b>\$ 1,398,621</b>	<b>\$ 621,812</b>	<b>\$</b>	<b>5,310,314</b>

(Continued)



**TOWN OF EAST HAMPTON, CONNECTICUT**

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012

	Debt Service		Capital Projects			Permanent		Total Nonmajor Governmental Funds	
	Debt Service	WPCA Development	Public Water System	Total	Library Trust	Interfund Eliminations			
ASSETS									
Cash	\$ 112,620	\$	\$	\$ -	\$ 16,325	\$	\$	1,540,853	
Investments	393,122			-				1,956,255	
Receivables:				-					
Assessments and user charges				-				186,531	
Intergovernmental				-				268,026	
Other				-				29,019	
Due from other funds	90,000	50,806	103,080	153,886		(202,111)		1,641,718	
Other				-				38,047	
Total Assets	\$ 595,742	\$ 50,806	\$ 103,080	\$ 153,886	\$ 16,325	\$ (202,111)	\$	5,874,156	
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$ 61,412	\$	\$	\$ -	\$	\$	\$	239,762	
Due to other funds	197,500			-		(202,111)		603,702	
Deferred revenue				-				401,213	
Unearned revenue				-				51,745	
Total liabilities	258,912	-	-	-	-	(202,111)		1,296,422	
Fund Balances:									
Restricted				-	825			3,167,500	
Committed		50,806	103,080	153,886				959,025	
Assigned	336,830			-				435,709	
Total fund balances	336,830	50,806	103,080	153,886	16,325	-		4,577,734	
Total Liabilities and Fund Balances	\$ 595,742	\$ 50,806	\$ 103,080	\$ 153,886	\$ 16,325	\$ (202,111)	\$	5,874,156	

(Concluded)

**TOWN OF EAST HAMPTON, CONNECTICUT**

**SCHEDULE 6**

(1 of 3)

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2012

	Special Revenue						
	Septage Disposal	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	Public Works
Revenues:							
Intergovernmental	\$	\$	\$ 8,339	\$ 8,070	\$ 107,748	\$ 726,747	\$ 421,847
Charges for services	97,300	85,739	67,898	178,239	380,950	120,153	
Income from investments	21	34	34	103	30	226	2,742
Contributions and donations				6,746		2,470	
Miscellaneous				2,434	1,679	20	19,236
Total revenues	97,321	85,773	76,271	195,592	490,407	849,616	443,825
Expenditures:							
Current:							
Public safety			73,005				
Public works and utilities		96,501					85,493
Culture and recreation				196,016			
Education					513,347	869,617	
Debt service:							
Principal payments	49,058						
Interest	1,282						
Capital outlay					5,649		261,393
Total expenditures	50,340	96,501	73,005	196,016	518,996	869,617	346,886
Excess (Deficiency) of Revenues over Expenditures	46,981	(10,728)	3,266	(424)	(28,589)	(20,001)	96,939
Other Financing Sources (Uses):							
Transfers in		16,000			28,591		
Transfers out	(46,000)						
Total other financing sources (uses)	(46,000)	16,000	-	-	28,591	-	-
Net Change in Fund Balances	981	5,272	3,266	(424)	2	(20,001)	96,939
Fund Balances - July 1, 2011	97,898	42,133	229,133	158,078	28,209	330,868	430,965
Fund Balances - June 30, 2012	\$ 98,879	\$ 47,405	\$ 232,399	\$ 157,654	\$ 28,211	\$ 310,867	\$ 527,904

(Continued)

**TOWN OF EAST HAMPTON, CONNECTICUT**

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2012

	Special Revenue					
	Community Development	Miscellaneous Grant	Beneficial Assessment	WPCA Joint Facilities	WPCA Operating	Total
Revenues:						
Intergovernmental	\$ 81,369	\$ 114,411	\$	\$ 59,308	\$ 44,582	\$ 1,572,421
Charges for services		42,460	10	842,571	1,049,717	2,865,037
Income from investments		27	6	8,322	342	11,887
Contributions and donations		3,742				12,958
Miscellaneous	650			10,676		34,695
Total revenues	82,019	160,640	16	920,877	1,094,641	4,496,998
Expenditures:						
Current:						
Public safety						73,005
Public works and utilities				817,718	935,710	1,935,422
Culture and recreation	77,641					273,657
Education						1,382,964
Debt service:						
Principal payments				24,786		73,844
Interest				5,507		6,789
Capital outlay				230,179		497,221
Total expenditures	77,641	136,754	-	1,078,190	935,710	4,379,656
Excess (Deficiency) of Revenues over Expenditures	4,378	23,886	16	(157,313)	158,931	117,342
Other Financing Sources (Uses):						
Transfers in				46,000		90,591
Transfers out						(46,000)
Total other financing sources (uses)	-	-	-	46,000	-	44,591
Net Change in Fund Balances	4,378	23,886	16	(111,313)	158,931	161,933
Fund Balances - July 1, 2011	(2,615)	80,333	986,163	1,359,812	167,783	3,908,760
Fund Balances - June 30, 2012	\$ 1,763	\$ 104,219	\$ 986,179	\$ 1,248,499	\$ 326,714	\$ 4,070,693

(Continued)

TOWN OF EAST HAMPTON, CONNECTICUT

SCHEDULE 6

(3 of 3)

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2012

	Debt Service	Capital Projects	Permanent	Total	Interfund Eliminations	Total Nonmajor Governmental Funds
	Debt Service	WPCA Development	Public Water System		Library Trust	
Revenues:						
Intergovernmental	\$	\$	\$	\$ -	\$	\$ 1,572,421
Charges for services		22,654		22,654		2,887,691
Income from investments	33	29		29	2	11,951
Contributions and donations				-		12,958
Miscellaneous				-		34,695
Total revenues	33	22,683	-	22,683	2	4,519,716
Expenditures:						
Current:						
Public safety				-		73,005
Public works and utilities		646		646		1,936,068
Culture and recreation				-		273,657
Education	39,556			-		1,422,520
Debt service:						
Principal payments				-		73,844
Interest				-		6,789
Capital outlay				-		497,221
Total expenditures	108,711	646	-	646	-	4,489,013
Excess (Deficiency) of Revenues over Expenditures	(108,678)	22,037	-	22,037	2	30,703
Other Financing Sources (Uses):						
Transfers in	105,000			-		149,591
Transfers out	(57,500)			-		(57,500)
Total other financing sources (uses)	47,500	-	-	-	-	92,091
Net Change in Fund Balances	(61,178)	22,037	-	22,037	2	122,794
Fund Balances - July 1, 2011	398,008	28,769	103,080	131,849	16,323	4,454,940
Fund Balances - June 30, 2012	\$ 336,830	\$ 50,806	\$ 103,080	\$ 153,886	\$ 16,325	\$ 4,577,734

(Concluded)

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## Internal Service Funds

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Internal Service funds are used to account for the providing of goods or services provided by one department to other departments of the Town on a cost reimbursement basis or accounting for risk retention as allowed by GASB Statement No. 10.

### **Dental Insurance Fund**

To account for self-insured dental benefits for Town and Board of Education employees.

### **Board of Education Retiree Benefits Fund**

To account for medical and other benefits for Board of Education retirees.

**TOWN OF EAST HAMPTON, CONNECTICUT**

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Dental Insurance	Board of Education Retiree Benefits	Total
<b><u>ASSETS</u></b>			
Cash.....	\$ 111,050	\$	\$ 111,050
Due from other funds.....	141,024	197,500	338,524
<b>TOTAL ASSETS.....</b>	<b>252,074</b>	<b>197,500</b>	<b>449,574</b>
<b><u>LIABILITY</u></b>			
Current liability:			
Claims payable.....	30,033		30,033
<b><u>NET ASSETS</u></b>			
Unrestricted.....	\$ 222,041	\$ 197,500	\$ 419,541

**TOWN OF EAST HAMPTON, CONNECTICUT**

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
YEAR ENDED JUNE 30, 2012

	Dental Insurance	Board of Education Retiree Benefits	Total
OPERATING REVENUES:			
Charges for services.....	\$ 349,001	\$ 140,000	\$ 489,001
OPERATING EXPENSES:			
Claims.....	305,529		305,529
Administration.....	22,644		22,644
TOTAL OPERATING EXPENSES.....	328,173	-	328,173
OPERATING INCOME (LOSS).....	20,828	140,000	160,828
TRANSFERS IN.....		57,500	57,500
CHANGES IN NET ASSETS.....	20,828	197,500	218,328
NET ASSETS - JULY 1, 2011.....	201,213		201,213
NET ASSETS - JUNE 30, 2012.....	\$ 222,041	\$ 197,500	419,541

TOWN OF EAST HAMPTON, CONNECTICUTINTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2012

	Dental Insurance	Board of Education Retiree Benefits	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received for charges for services.....	\$ 207,979	\$	\$ 207,979
Cash paid for benefits and claims.....	(298,906)		(298,906)
Cash paid for administration.....	(22,646)		(22,646)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES AND NET INCREASE (DECREASE) IN CASH .....</b>	<b>(113,573)</b>		<b>(113,573)</b>
<b>CASH - JULY 1, 2011.....</b>	<b>224,623</b>		<b>224,623</b>
<b>CASH - JUNE 30, 2012.....</b>	<b>\$ 111,050</b>	<b>\$ -</b>	<b>\$ 111,050</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss).....	\$ 20,828	\$ 140,000	\$ 160,828
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in:			
Due from other funds.....	(141,024)	(140,000)	(281,024)
Increase (decrease) in:			
Claims payable.....	6,623		6,623
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....</b>	<b>\$ (113,573)</b>	<b>\$ -</b>	<b>\$ (113,573)</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
Transfer from other funds.....	\$	\$ 57,500	\$ 57,500



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## Fiduciary Funds

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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  
 YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>Assets:</b>				
Cash:				
Student Activity Fund	\$ 366,265	\$ 549,261	\$ 564,460	\$ 351,066
Developer Bond Fund	192,223	101,995	110,283	183,935
Total Cash	558,488	651,256	674,743	535,001
Investments:				
Student Activity Fund	4,207			4,207
Volunteer Firemen Award Fund	765,257	55,734	35,033	785,958
Total Investments	769,464	55,734	35,033	790,165
Total Assets	\$ 1,327,952	\$ 706,990	\$ 709,776	\$ 1,325,166
<b>Liabilities:</b>				
Accounts payable:				
Student Activity Fund	\$ 370,472	\$ 549,261	\$ 564,460	\$ 355,273
Developer Bond Fund	192,223	101,995	110,283	183,935
Volunteer Firemen Award Fund	765,257	55,734	35,033	785,958
Total Liabilities	\$ 1,327,952	\$ 706,990	\$ 709,776	\$ 1,325,166

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# Statistical Section

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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, CONNECTICUTNET ASSETS BY COMPONENT  
LAST TEN YEARS  
(UNAUDITED)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
GOVERNMENTAL ACTIVITIES:										
Invested in capital assets, net of related debt.....	\$ 70,148,958	\$ 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.....	3,183,000	3,031,388	3,026,010	16,261	16,105	16,814	17,431	17,072	16,799	16,642
Unrestricted.....	8,359,229	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....	<u>\$ 81,691,187</u>	<u>\$ 79,485,492</u>	<u>\$77,384,678</u>	<u>\$75,710,212</u>	<u>\$75,211,111</u>	<u>\$73,320,853</u>	<u>\$42,604,871</u>	<u>\$40,219,075</u>	<u>\$ 37,296,165</u>	<u>\$36,383,900</u>

TABLE 2

**TOWN OF EAST HAMPTON, CONNECTICUT**

CHANGES IN NET ASSETS  
LAST TEN YEARS  
(UNAUDITED)

	FISCAL YEAR ENDED									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>EXPENSES:</b>										
Governmental activities:										
General government.....	\$ 2,447,985	\$ 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.....	2,823,334	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.....	436,539	362,272	477,033	997,140	368,356	337,184	287,554	314,598	267,718	395,145
Public works and utilities.....	5,364,060	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.....	31,579,590	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.....	424,570	509,982	647,805	465,619	405,373	365,541	387,641	343,793	313,798	339,490
Culture and recreation.....	1,439,916	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.....	259,279	312,259	368,987	419,369	450,205	469,774	481,197	504,222	557,941	536,717
Total Governmental activities expenses.....	44,775,273	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
<b>PROGRAM REVENUES:</b>										
Charges for services:										
General government.....	307,991	310,197	314,490	331,000	444,108	432,258	499,866	465,823	515,098	313,025
Public safety.....	77,903	48,487	199,872	306,825	61,697	102,218	48,535	51,237	57,398	52,236
Civic and human services.....	550	525	850	900	11,472	29,993	13,436	15,099	13,539	15,975
Public works and utilities.....	2,166,724	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.....	501,103	517,287	580,766	498,749	468,912	502,271	489,650	475,082	450,060	403,667
Regulatory.....	110,638	95,970	170,035	109,184	257,085	270,305	324,079	366,787	277,701	232,664
Culture and recreation.....	209,251	218,155	231,110	247,327	512,574	277,038	303,116	293,230	265,596	209,176
Operating grants and contributions.....	12,786,216	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.....	1,422,995	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.....	17,583,371	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
<b>NET EXPENSE:</b>										
Governmental activities.....	(27,191,902)	(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)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:</b>										
Governmental activities:										
Property taxes.....	29,054,004	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.....	229,541	251,865	264,189	359,057	425,663	406,978	411,922	460,453	474,776	595,864
Investment income.....	47,794	80,509	142,627	230,040	521,414	654,130	474,365	260,755	128,223	168,602
Miscellaneous.....	66,258	174,713	304,570	221,078	21,225	32,709	29,067			101,876
Total Governmental activities.....	29,397,597	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
<b>CHANGE IN NET ASSETS:</b>										
Governmental activities.....	\$ 2,205,695	\$ 2,100,814	\$ 1,674,466	\$ 499,101	\$ 1,890,258	\$ 1,597,446	\$ 2,384,796	\$ 2,922,910	\$ 912,265	\$ (737,351)

TABLE 3

## TOWN OF EAST HAMPTON CONNECTICUT

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(UNAUDITED)

	FISCAL YEAR ENDED JUNE 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
GENERAL FUND:										
Nonspendable.....	\$ 215,550	\$	\$	\$ 1,687	\$ 1,888	\$ 1,888	\$ 12,640	\$ 27,657	\$ 28,918	\$ 115,971
Assigned.....										
Unassigned.....	4,365,605	4,350,654	4,083,407	4,592,586	4,569,543	3,942,876	3,599,359	3,294,342	2,402,647	1,612,606
TOTAL GENERAL FUND.....	4,581,155	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
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.....	3,167,500	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
Committed.....	3,332,988	3,183,240	3,007,118	842,102	58,005	242,138	115,881	164,841	160,754	1,675,546
Assigned.....	435,709	495,906	612,475	372,333	345,317	529,512	821,358	1,661,685	1,418,158	202,693
Unassigned.....	(320,066)	(2,615)	(5,976)					(3,353,908)	(1,047,522)	
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	6,631,631	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
GRAND TOTAL.....	\$ 11,212,786	\$ 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

TABLE 4

## TOWN OF EAST HAMPTON CONNECTICUT

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

	FISCAL YEAR ENDED									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
REVENUES:										
Property taxes.....	\$ 29,094,729	\$ 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
Intergovernmental.....	14,596,871	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
Charges for services.....	3,367,972	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
Income on investments.....	47,794	80,509	142,627	213,850	956,667	1,083,913	474,365	260,755	128,041	168,602
Contributions and donations.....	12,958	45,691	34,949	43,480	14,973	30,897	40,547	90,453	42,645	98,136
Miscellaneous.....	66,258	174,713	304,570	221,078	121,332	195,847	155,981	95,384	269,687	180,476
TOTAL REVENUES.....	47,186,582	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
EXPENDITURES:										
Current:										
General government.....	3,371,103	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
Public safety.....	2,391,197	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
Public works and utilities.....	4,138,647	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
Culture and recreation.....	1,236,785	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
Civic and human services.....	395,823	556,741	376,385	353,640	597,669	306,090	247,240	283,644	239,876	380,701
Regulatory.....	359,986	430,430	449,453	393,412	321,864	302,164	320,056	283,927	246,948	236,749
Education.....	30,824,266	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
Debt service:										
Principal.....	998,844	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
Interest.....	257,686	300,219	333,558	483,480	403,298	462,820	467,577	478,351	555,487	739,946
Capital outlay.....	3,000,532	958,934	1,163,277	4,129,702	620,777	310,641	2,195,113	2,590,790	245,590	450,442
TOTAL EXPENDITURES.....	46,974,869	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
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	211,713	335,539	(918,697)	(2,592,423)	929,551	793,271	(779,589)	(1,427,133)	(13,391)	(1,929,570)
OTHER FINANCING SOURCES (USES):										
Transfers in.....	1,704,661	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
Transfers out.....	(1,762,161)	(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)
Payment to refunded bond escrow agent.....										(4,059,832)
Issuance of debt.....				2,985,000			3,175,000			4,005,000
Premium on bonds and notes.....				16,190			40,520			91,799
NET OTHER FINANCING SOURCES (USES).....	(57,500)	-	-	3,001,190	-	-	3,215,520	-	-	36,967
NET CHANGE IN FUND BALANCES.....	\$ 154,213	\$ 335,539	\$ (918,697)	\$ 408,767	\$ 929,551	\$ 793,271	\$ 2,435,931	\$ (1,427,133)	\$ (13,391)	\$ (1,892,603)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....	2.72%	3.93%	4.68%	12.33%	5.14%	6.82%	15.87%	8.10%	9.16%	10.77%

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	(1) TOTAL DIRECT TAX RATE
	NET ASSESSED VALUE	ESTIMATED VALUE	NET ASSESSED VALUE	ESTIMATED VALUE	NET ASSESSED VALUE	ESTIMATED VALUE		
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
2012	997,694,577	1,425,277,967	116,989,453	167,127,790	1,114,684,030	1,592,405,757	70.00%	25.68

Source: Town of East Hampton, Assessor's Office

(1) There are no overlapping governments or tax rates.



**TOWN OF EAST HAMPTON, CONNECTICUT**

**TABLE 6**

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

NAME	NATURE OF BUSINESS	2012			2003		
		ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)	ASSESSED VALUE	RANK	PERCENTAGE NET TAXABLE GRAND LIST (1)
CT Light & Power Co.	Utility	\$ 13,251,620	1	1.19%	\$ 7,939,870	1	1.24%
Landmark East Hampton LLC	Mall Real Estate	7,400,000	2	0.66%			
Easthampton NE Development LLC	Real Estate Developer	3,309,880	3	0.30%			
Skyline Estates LLC	Real Estate Developer	3,043,911	4	0.27%			
Jackowitz, Edward / American Distilling	Manufacturer	2,962,890	5	0.27%	3,489,520	2	0.54%
Rechovos	Real Estate Developer	2,529,637	6	0.23%			
East High Street Realty	Real Estate	2,345,180	7	0.21%	1,154,460	10	0.18%
Pauls & Sandys Too, Inc.	Real Estate - Commercial/Farm	2,066,070	8	0.19%	1,633,710	7	0.25%
Global Self Storage	Commercial Real Estate	1,856,452	9	0.17%			
Z Incorporated	Convalescent Home	1,760,140	10	0.16%	1,383,040	8	0.22%
Noslen, Inc./Gustine Family Ltd	Campground				1,914,210	5	0.30%
East Hampton Mall LTD Ptshp	Mall				2,720,240	3	0.42%
J. C. Barton Company	Manufacturer				1,888,000	6	0.29%
Frank Carreiro	Real Estate				1,231,260	9	0.19%
Nichols Bus Service, Inc.	Bus Company				1,916,150	4	0.30%
<b>TOTAL</b>		<u>\$ 40,525,780</u>		<u>3.64%</u>	<u>\$ 25,270,460</u>		<u>3.94%</u>

Source: Assessor's Office, Town of East Hampton

(1) Based on October 1, 2010 and 2001 net taxable Grand List of \$1,114,684,030 and \$641,146,375, respectively.

TABLE 7

TOWN OF EAST HAMPTON, CONNECTICUTTAX RATES, LEVIES AND CASH COLLECTIONS  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	MILL RATE	(1) TOTAL ADJUSTED TAX LEVY	NET CURRENT LEVY TAX COLLECTIONS	PERCENTAGE OF CURRENT TAXES COLLECTED	COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS	PERCENT OF LEVY COLLECTED	CURRENT DELINQUENT BALANCE
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%	239,725	22,853,148	99.98%	5,602
2007	22.48	24,025,670	23,745,910	98.84%	266,063	24,011,973	99.94%	13,697
2008	23.30	25,712,774	25,357,394	98.62%	323,529	25,680,923	99.88%	31,851
2009	23.81	26,925,160	26,429,212	98.16%	421,799	26,851,011	99.72%	74,149
2010	24.01	27,458,502	26,889,271	97.93%	437,104	27,326,375	99.52%	132,127
2011	24.98	28,730,903	28,141,090	97.95%	346,059	28,487,149	99.15%	243,754
2012	25.68	28,705,137	28,141,477	98.04%	-	28,141,477	98.04%	563,660

(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
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
2012	6,115,000	299,338	6,414,338	1.26%	494

TABLE 9

TOWN OF EAST HAMPTON, CONNECTICUTRATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN YEARS  
(UNAUDITED)

YEAR ENDED JUNE 30	GENERAL OBLIGATION DEBT OUTSTANDING (1)			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	CLEAN WATER NOTES	TOTAL		
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
2012	6,115,000	299,338	6,414,338	0.40%	494

(1) There is no overlapping debt for the Town.

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)  
JUNE 30, 2012  
(UNAUDITED)

<u>TAX BASE:</u>	
Total tax collections (including interest and lien fees).....	\$ 29,045,745
<u>REIMBURSEMENT OF REVENUE LOST ON:</u>	
Tax Relief for Elderly Freeze Grant.....	1,166
TOTAL BASE.....	<u>\$ 29,046,911</u>

	GENERAL PURPOSE	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
<u>DEBT LIMITATION:</u>					
2 1/4 times base.....	\$ 65,355,550	\$	\$	\$	\$
4 1/2 times base.....		130,711,100			
3 3/4 times base.....			108,925,916		
3 1/4 times base.....				94,402,461	
3 times base.....					87,140,733
TOTAL LIMITATIONS.....	<u>65,355,550</u>	<u>130,711,100</u>	<u>108,925,916</u>	<u>94,402,461</u>	<u>87,140,733</u>
<u>INDEBTEDNESS:</u>					
Bonds/Notes.....	5,012,000	1,103,000	299,338		
Less school building grants.....		(329,388)			
Less sewer assessment receivable.....			(242)		
NET INDEBTEDNESS.....	<u>5,012,000</u>	<u>773,612</u>	<u>299,096</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT.....	<u>\$ 60,343,550</u>	<u>\$ 129,937,488</u>	<u>\$ 108,626,820</u>	<u>\$ 94,402,461</u>	<u>\$ 87,140,733</u>

The total net indebtedness above amounts to: \$ 6,084,708

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 203,328,377

There is no overlapping debt for the Town.

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

<b>YEAR ENDED JUNE 30</b>	<b>DEBT LIMIT</b>	<b>NET DEBT APPLICABLE TO LIMIT</b>	<b>LEGAL DEBT MARGIN</b>	<b>TOTAL NET DEBT APPLICABLE</b>
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%
2012	203,328,377	6,084,708	197,243,669	2.99%

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
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%
2012	12,989	90,539	39,293	39.9	37% Bachelor Degree or more	1,928	7.50%

(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	2012			2003		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Town of East Hampton	388	1	20.41%	318	1	17.38%
Stop & Shop Supermarket	152	2	8.00%	-		
Cobalt Lodge	74	3	3.89%	66	2	3.61%
Northeast Utilities	50	4	2.63%	50	3	2.73%
American Distilling	50	5	2.63%	45	4	2.46%
Bevin Brothers	14	6	0.74%	30	5	1.64%
EMS	10	7	0.53%	14	6	0.77%
J.C. Barton	-			8	7	0.44%
TOTAL	<u>738</u>		<u>38.82%</u>	<u>531</u>		<u>29.02%</u>

Source: Connecticut Department of Labor

Note: All other employers have less than 10 employees.



TABLE 14

## TOWN OF EAST HAMPTON, CONNECTICUT

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

FUNCTION / PROGRAM	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<u>Administrative and General Government</u>										
Town Clerk	2.5	2.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
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	4.0	5.0	5.0	3.0	3.0	3.5	3.5	3.5	3.5
Human Resources	1.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Facilities / Building Maintenance	3.5	3.3	3.3	3.3	3.3	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	5.0
Assessor	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.0	2.0
Tax Collector	2.5	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	0.5	1.0	1.0	1.0	1.0	1.0	1.0
Police	17.0	17.0	19.0	19.0	19.0	18.0	18.0	18.0	17.0	16.0
Animal Control	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	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	14.0	13.0	13.0
Water Pollution Control	11.0	11.0	11.0	11.0	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	0.0
Social and Human Services	1.3	1.3	1.3	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	2.0	1.5	1.5	1.5
<u>Library</u>	8.0	8.0	7.5	7.5	7.5	7.0	7.0	6.0	6.0	6.0
<u>Recreation</u>										
Parks and Recreation	5.5	5.2	5.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0
GRAND TOTAL	87.8	87.8	90.3	90.3	87.8	86.0	86.5	85.0	82.5	82.0

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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b><u>TOWN</u></b>										
Administrative and General Government.....	15.50	15.30	16.30	16.30	14.30	14.00	14.50	14.50	14.50	14.50
Finance.....	10.00	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.00	10.00
Public Safety.....	18.50	18.50	20.50	20.50	21.00	20.00	20.00	20.00	19.00	18.50
Public Works.....	27.00	27.00	27.00	27.00	26.00	26.00	26.00	26.00	25.00	25.00
Health, Social and Senior Services.....	3.30	3.30	3.30	3.50	3.50	3.50	3.50	3.00	3.00	3.00
Library.....	8.00	8.00	7.50	7.50	7.50	7.00	7.00	6.00	6.00	6.00
Recreation.....	5.50	5.20	5.20	5.00	5.00	5.00	5.00	5.00	5.00	5.00
TOTAL.....	87.80	87.80	90.30	90.30	87.80	86.00	86.50	85.00	82.50	82.00
<b><u>BOARD OF EDUCATION</u></b>										
Certified.....	174.00	177.00	177.00	180.00	176.00	165.00	164.00	N/A	N/A	N/A
Non-Certified.....	126.00	123.00	123.00	123.00	115.00	108.00	94.00	N/A	N/A	N/A
TOTAL.....	300.00	300.00	300.00	303.00	291.00	273.00	258.00	-	-	-
TOTAL.....	387.80	387.80	390.30	393.30	378.80	359.00	344.50	85.00	82.50	82.00

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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public safety										
Fire										
Incidents	445	400	334	323	361	341	345	322	288	N/A
Fire Marshall Inspections	133	206	226	258	277	235	265	219	259	N/A
Police										
Criminal arrests	129	247	177	210	170	201	181	164	155	125
Parking violations	2	9	-	12	9	20	12	18	3	22
Citations	418	228	380	293	232	373	384	273	317	335
Public works										
Street resurfacing (paved miles)	7.90	6.00	6.15	10.59	-	6.80	-	4.55	1.96	-
Storm drains cleaned	300	1,024	356	940	1,029	2,529	2,234	1,309	1,578	1,334
Parks and recreation										
Sessions / Classes	220	200	225	275	325	260	260	240	240	225
Program enrollments	1,978	3,040	2,562	3,772	4,000	3,700	4,125	3,660	3,360	3,150
Library										
Volumes in collection	72,543	70,104	74,721	74,085	69,680	65,782	61,477	57,489	54,837	51,690
Total volumes borrowed	138,967	138,042	134,974	129,772	124,887	118,958	108,321	101,950	96,660	91,211
Education										
School enrollment	1,928	1,944	2,002	2,064	2,073	2,087	2,088	2,164	2,126	2,027

Source: Various Town Departments.

N/A - Information not available

TABLE 17

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

FUNCTION / PROGRAM	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
PARKS AND RECREATION:										
Playgrounds	12	12	12	12	12	12	12	11	10	10
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer	4	4	4	4	4	4	4	4	4	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	9	8	8	8	7	7	7
PUBLIC WORKS:										
Highway department										
Streets (miles)	91.1	90.8	90.4	90.0	88.5	88.5	88.5	87.0	85.6	84.1
Wastewater										
Sanitary sewers (miles)	42.96	42.96	42.96	42.96	40.38	40.38	40.10	39.35	38.60	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.