

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**TOWN OF EAST HAMPTON,
CONNECTICUT**

YEAR ENDED

JUNE 30, 2013

**PREPARED BY:
THE FINANCE DEPARTMENT**

JEFFERY M. JYLKKA, FINANCE DIRECTOR

Town of East Hampton, Connecticut

Table of Contents

	Page
<u>Introductory Section</u>	
List of Principal Officials	1
Organizational Chart	2
Letter of Transmittal	3-6
Certificate of Achievement for Excellence in Financial Reporting for the Year Ended June 30, 2012	7
<u>Financial Section</u>	
Independent Auditor's Report	8-10
Management's Discussion and Analysis	11-20
<u>Exhibits</u>	
Basic Financial Statements	
<u>Government-Wide Financial Statements</u>	
A Statement of Net Position	21-22
B Statement of Activities	23
<u>Fund Financial Statements</u>	
C Balance Sheet - Governmental Funds and Reconciliation of Fund Balance to Net Position of Governmental Activities	24-25
D Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	26
E Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	27-28
F Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	29
G Statement of Net Position - Proprietary Funds	30
H Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	31
I Statement of Cash Flows - Proprietary Funds	32
J Statement of Fiduciary Net Position	33
K Statement of Changes in Fiduciary Net Position	34
L Notes to Financial Statements	35-60

Town of East Hampton, Connecticut

Table of Contents - Continued

		Page
<u>RSI</u>	<u>Required Supplementary Information</u>	
1	East Hampton Retirement System and Other Post Employment Benefit Plan - Schedule of Funding Progress	61
2	East Hampton Retirement System and Other Post Employment Benefit Plan - Schedule of Employer Contributions	62
<u>Schedules</u>	<u>Supplemental Schedules</u>	
	General Fund	
1	Schedule of Revenues - Budget and Actual	63-64
2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	65-66
3	Schedule of Expenditures Compared with Appropriations - Board of Education	67
4	Report of Tax Collector	68
	Nonmajor Governmental Funds	
5	Combining Balance Sheet	69-71
6	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	72-74
	Internal Service Funds	
7	Combining Statement of Net Position	75
8	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	76
9	Combining Statement of Cash Flows	77
	Fiduciary Funds	
10	Agency Funds - Combining Statement of Changes in Assets and Liabilities	78

Town of East Hampton, Connecticut

Table of Contents - Continued

		Page
<u>Tables</u>	<u>Statistical Section</u>	
1	Net Position by Component	79
2	Changes in Net Position	80-81
3	Fund Balances, Governmental Funds	82
4	Changes in Fund Balances, Governmental Funds	83
5	Assessed and Estimated Actual Value of Taxable Property	84
6	Principal Property Taxpayers	85
7	Tax Rates, Levies and Cash Collections	86
8	Ratios of Outstanding Debt by Type	87
9	Ratios of General Bonded Debt Outstanding	88
10	Schedule of Debt Limitation	89
11	Legal Debt Margin Information	90
12	Demographic and Economic Statistics	91
13	Principal Employers	92
14	Full-Time Equivalent Town Government Employees by Function/Program	93
15	Full-Time Equivalent Employees by Function/Program	94
16	Operating Indicators by Function/Program	95
17	Capital Asset Statistics by Function/Program	96

Introductory Section

Town of East Hampton, Connecticut

List of Principal Officials June 30, 2013

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

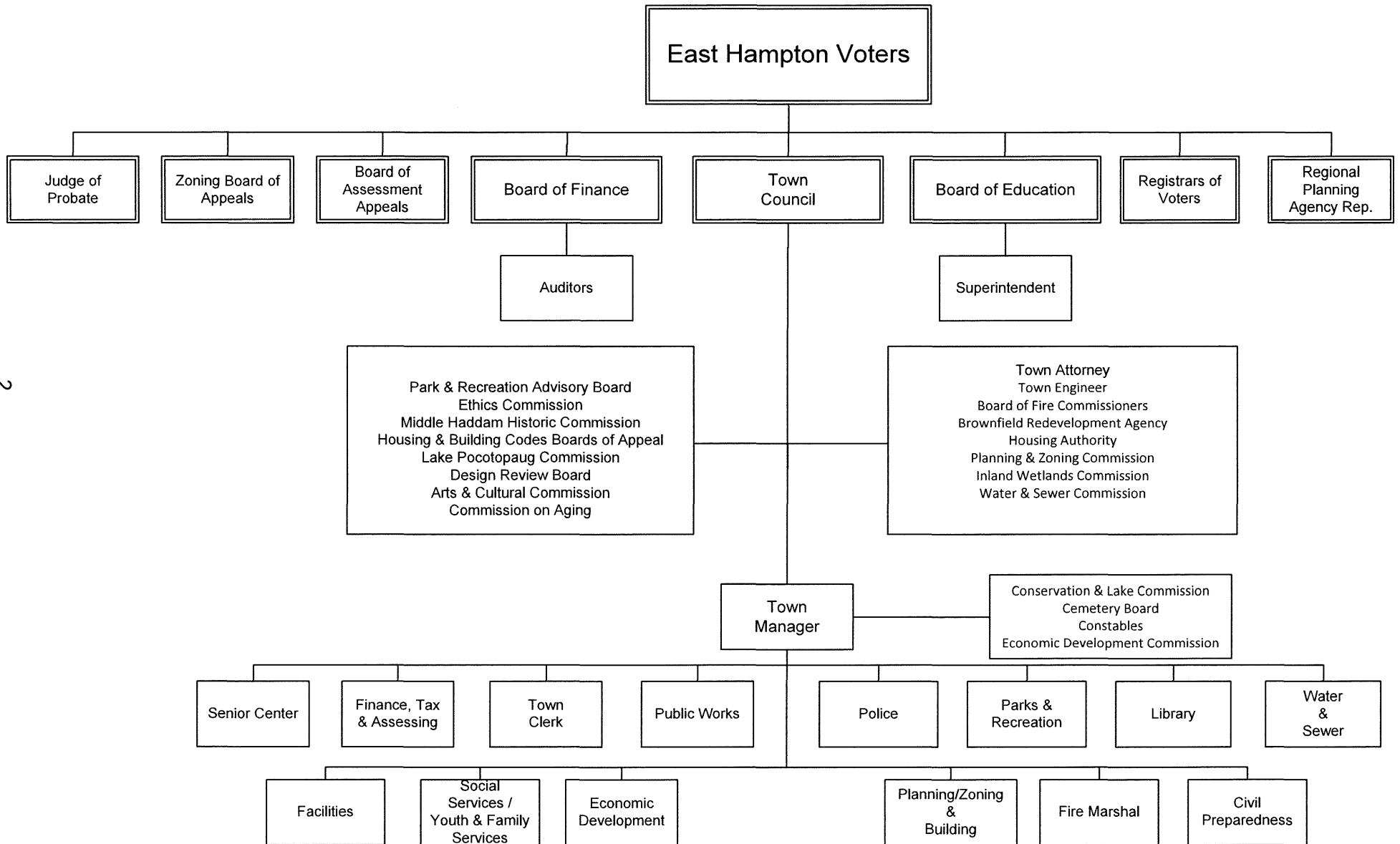
EAST HAMPTON ADMINISTRATIVE OFFICIALS

Michael Maniscalco, 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
Sean Cox
Greg Voelker
Vincent F. Susco, Jr.
Rich Klotzbier
Sandra M. Wieleba

2



Michael Maniscalco

Town Manager
860.267.4468

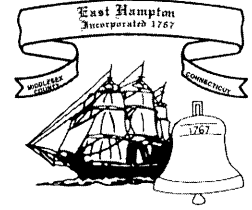
Jeffery M. Jylkka

Finance Director
860.267.7548

TOWN OF EAST HAMPTON

20 East High Street

East Hampton, CT 06424



December 26, 2013

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, 2013. The report includes the independent auditor's report 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, 2013, are free from 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 unmodified opinion that the Town of East Hampton's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report 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 independent auditor's report.

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 2013 population was 12,940. 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 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 remained unchanged from the prior year at 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.

A \$51,695,000 High School renovation project was approved by the voters on June 4, 2013 and construction is expected to begin in November 2014. Construction of a performance gazebo located at Sears Park as well as for improvements to the Airline Trail were completed during the year. These projects were funded by two Small Town Economic Assistance Program (STEAP) grants. During the year the Town received a \$200,000 STEAP grant that is being used to fund a roof reconstruction project for Epoch Arts, an "arts for youth" non-profit organization. Phase 1 of a major road improvement program is complete. Phase II through IV will continue through the end of fiscal year 2016.

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 21st century. The Town has a low debt burden which is planned for quick retirement; its pension plans remain at high funding levels. Conservative budgeting practices has enabled the Town to maintain its unassigned fund balance, which represents 12.6% of general fund budgetary expenditures and transfers out. These facts are echoed within the municipal credit industry. The Town maintained its "Aa3" debt rating from Moody's Investor Service. In July 2013 Standard & Poor's Ratings Services upgraded the Town's debt rating from "AA" to "AA+".

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 \$3,885,000 of long-term debt during fiscal year 2014 to finance the Memorial School roof, and oil tank replacement projects, a fire truck and road improvement projects.

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 approved 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.

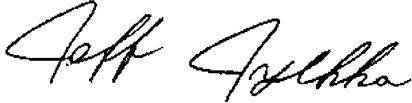
Awards and Acknowledgements

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, 2012, which was the second 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 expectations 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



Government Finance Officers Association

**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, 2012

Executive Director/CEO

Financial Section

Independent Auditor's Report

Board of Finance
Town of East Hampton, Connecticut

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedules of Funding Progress and Employer Contributions of the East Hampton Retirement System and Other Post Employment Benefit Plan on pages 11-20 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.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2013, on our consideration of the Town of East Hampton, Connecticut's internal control over financial reporting and on our test 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* in considering the Town of East Hampton, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Farmington, Connecticut
December 26, 2013

Michael Maniscalco

Town Manager
860.267.4468

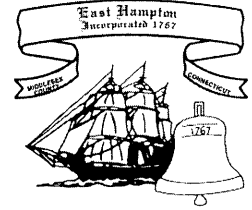
Jeffery M. Jylkka

Finance Director
860.267.7548

TOWN OF EAST HAMPTON

20 East High Street

East Hampton, CT 06424



Management's Discussion and Analysis Year Ended June 30, 2013

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, 2013.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$83,469,381 (*net position*). Of this amount, \$11,940,565 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- Unrestricted net position increased from last year due to decreases in the restricted amounts in the beneficial assessments and public works funds.
- The Town's total net position increased by \$1,778,194. The increase is due substantially to capital assets additions in excess of depreciation expense.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$13,221,739, an increase of \$2,008,953 in comparison with the prior year. This increase is a result of positive operations of \$292,657 in the general fund and positive operating activity in the capital initiatives fund of \$1,493,767. The general fund results were due substantially to expenditures less than budgeted and the capital initiatives was due substantially to the issuance bonds which permanently financed bond anticipation notes of \$3,140,000. The issuance of debt was offset with expenditures for construction costs associated with the Memorial School roof and oil tank projects and Senior Center renovations. Of the total fund balance, \$8,347,927 is nonspendable, restricted, committed or assigned, leaving an *unassigned fund balance* in the amount of \$4,873,812.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,873,812, an increase of \$292,657 in comparison with the prior year. This represents 12.6% 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 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 position* and *statement of activities* report information about the Town as a whole and about its activities in a way that helps answer this question.

Management's Discussion and Analysis (continued)

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 position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 21 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 18 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 fund 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 position and changes in fiduciary net position (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 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 position may serve over time as a useful indicator of a Town's financial position. The Town's combined net position increased by 2.2% from a year ago – increasing from \$81,691,187 to \$83,469,381.

By far the largest portion of the Town's net position (83.01%) 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.

Summary Statement of Net Position
June 30, 2013 and 2012

	2013	2012
Current and other assets	\$ 19,833,462	\$ 17,823,428
Capital assets, net	78,248,847	76,537,664
Total assets	98,082,309	94,361,092
Deferred outflows of resources:		
Deferred charge on refunding	44,453	69,856
Long-term liabilities outstanding	10,989,072	8,676,276
Other liabilities	3,668,309	4,063,485
Total liabilities	14,657,381	12,739,761
Net investment in capital assets	69,287,816	70,148,958
Restricted	2,241,000	3,183,000
Unrestricted	11,940,565	8,359,229
Total net position	\$ 83,469,381	\$ 81,691,187

A portion of the Town's net position (2.68%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (14.31%) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's net position increased by \$1,778,194. Key elements of this increase are as follows:

**Statement of Changes in Net Position
Years Ended June 30, 2013 and 2012**

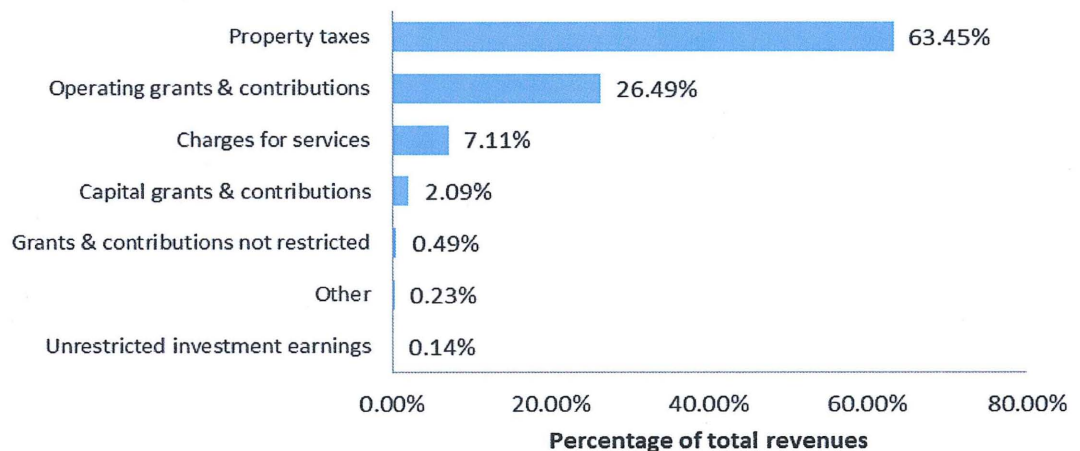
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 3,332,163	\$ 3,374,160
Operating grants and contributions	12,414,880	12,786,216
Capital grants and contributions	981,075	1,422,995
General revenues:		
Property taxes	29,729,485	29,054,004
Grants and contributions not restricted to specific programs	227,704	229,541
Investment income	65,317	47,794
Other	107,431	66,258
Total revenues	<u>46,858,055</u>	<u>46,980,968</u>
Expenses:		
General government	2,663,044	2,447,985
Public safety	2,618,870	2,823,334
Civic and human services	458,228	436,539
Public works and utilities	5,297,481	5,364,060
Education	32,105,361	31,579,590
Regulatory	436,731	424,570
Culture and recreation	1,303,462	1,439,916
Interest	196,684	259,279
Total expenses	<u>45,079,861</u>	<u>44,775,273</u>
Change in net position	1,778,194	2,205,695
Net position - July 1	<u>81,691,187</u>	<u>79,485,492</u>
Net position - June 30	<u><u>\$83,469,381</u></u>	<u><u>\$ 81,691,187</u></u>

- The \$675,481 increase in property taxes was due to increase in the budget and, therefore, the related tax levy.
- Education expenses increased by \$525,771 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.
- Operating grants and contributions decreased by \$371,336 substantially due to a decrease in the town aid road grant as compared to the prior year.

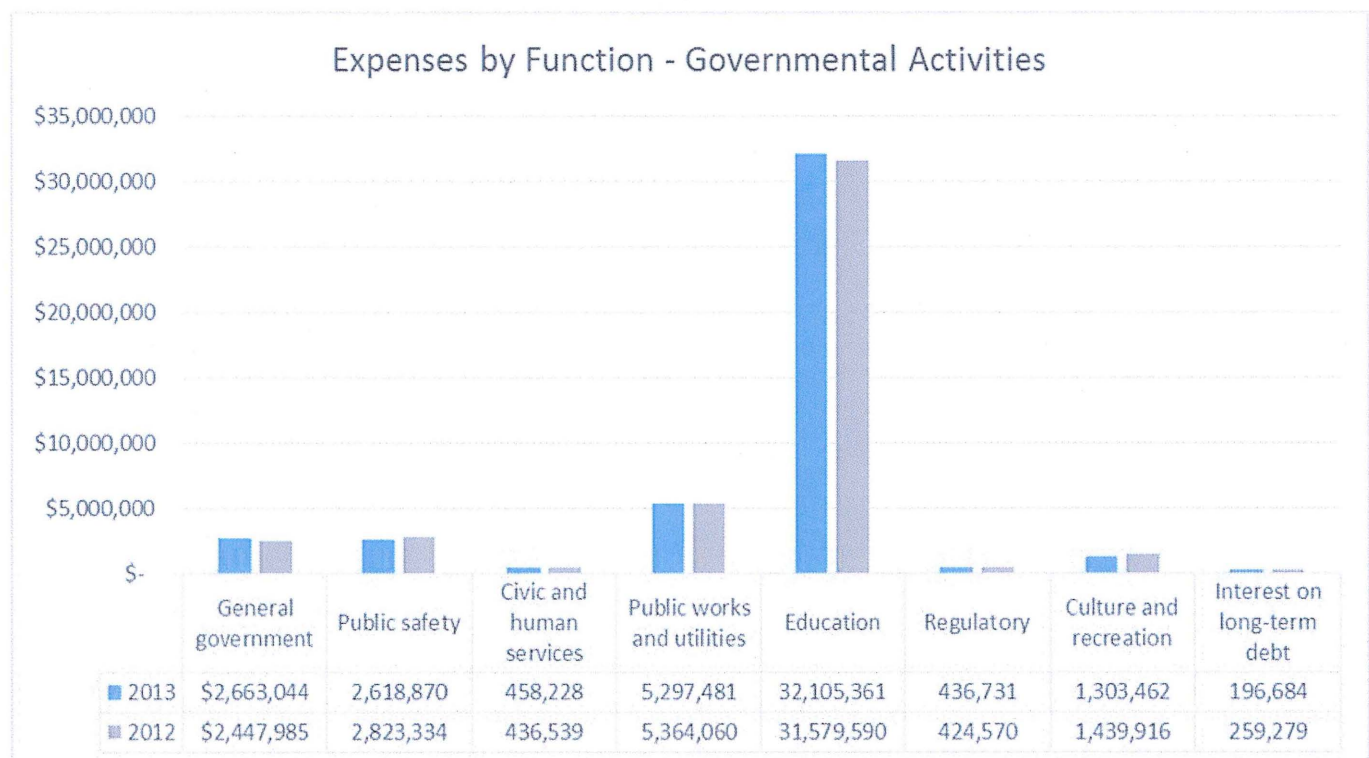
Management's Discussion and Analysis (continued)

- Capital grants and contributions decreased by \$441,920 substantially due to a decrease in the CDBG grant for the Senior Center compared to the amount received in the prior fiscal year.
- Public safety expenses decreased by \$204,464 due to the decrease in noncapitalized project expense as compared to the prior year.

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 \$13,221,739. \$8,347,927 is not available for new spending because it has already been classified as 1) nonspendable (\$15,500) for the library endowment, 2) restricted (\$2,225,500), 3) committed (\$5,748,389) and 4) assigned (\$358,538).

The total fund balance increased by \$2,008,953 to \$13,221,739. This increase is a result of positive operations of \$292,657 in the general fund and positive operating activity in the capital initiatives fund of \$1,493,767. The general fund results were due substantially to expenditures less than budgeted and the capital initiatives was due substantially to the issuance of bonds which permanently financed bond anticipation notes of \$3,140,000. The issuance of debt was offset with expenditures for construction costs associated with the Memorial School roof and oil tank projects, and road improvement projects.

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 \$4,873,812. 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 12.6% of total general fund expenditures and transfers out.

The fund balance of the Town's general fund increased by \$292,657 due to following items:

- Increase in intergovernmental grants of \$201,183, due substantially to the receipt of FEMA reimbursement due to the storms Sandy and Charlotte.
- Under expenditure of \$23,252 in the Library budget primarily due to a staff vacancy.
- Decrease in property tax revenue of \$118,915 compared to budget.
- Under expenditure of the collector of revenue, assessor and registrars department budgets of \$16,774, \$12,335 and \$11,515, respectively.
- Under expenditure in the Public works budgets of \$81,777.

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 \$1,493,767, substantially as a result of permanently financed bond anticipation notes of \$3,140,000, net with construction costs associated with the Memorial School roof and oil tank projects, and road improvement projects.

Capital Reserve Fund. This fund accounts for financial resources to be used for capital and non-recurring projects. The 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 \$154,150 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 \$475,055. The increase in budget is due to revised revenue estimates approved for the annual supplemental appropriation to the Board of Education for the special education excess cost grant.

Other significant transfers done during the year were as follows:

- The legal defense/fee account received transfers of \$128,415 from the employee benefits and insurance accounts for litigation and labor negotiation costs.
- Public Works account received transfers of \$115,000 from contingency and debt service accounts for storm related expenditures and retro-active wages.

Capital Assets and Debt Administration

Capital assets. At June 30, 2013, the Town of East Hampton's capital assets totaled \$78,248,847, net of accumulated depreciation. This includes land, buildings, land improvements, machinery and equipment, roads, bridges, intangible assets and construction in progress. The increase in the Town's capital assets for the current fiscal year was \$1,711,183 or (2.24%). This increase is largely due to the increase in construction in progress, primarily for the Memorial School roof project of \$1,746,002. The roof project was completed during the year, and the total costs of \$2,747,877 were capitalized.

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

- Building additions relating to the Memorial School roof and Senior Center projects (\$2,747,877, and \$767,052, respectively)
- Construction in progress relating to the Memorial School roof project (\$1,746,002)
- Infrastructure additions for the completion of several new roads, including Airline Trail Extension and Sears Park storm water runoff improvements of \$1,121,888.

Capital Assets (Net of Accumulated Depreciation)

	2013	2012
Land	\$ 2,343,992	\$ 2,343,992
Intangible assets	724,600	732,950
Construction in progress	1,753,609	3,432,170
Buildings	32,235,661	29,553,361
Improvements other than buildings	617	617
Machinery and equipment	3,702,842	3,662,585
Infrastructure	37,487,526	36,811,989
Total	\$ 78,248,847	\$ 76,537,664

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 \$8,340,000. The increase of \$2,225,000 from prior year is due to the issuance of permanently financed bond anticipation notes of \$3,140,000 net with annual principal debt payments. All debt is backed by the full faith and credit of the Town. The remainder of the Town's debt represents notes totaling \$236,611 due to the State of Connecticut Clean Water Fund.

**Outstanding Debt
Long-Term Obligations**

	2013	2012
General obligation bonds	\$ 5,200,000	\$ 6,115,000
Bond anticipation notes	3,140,000	
Clean water notes	236,611	299,338
Total	<u>\$ 8,576,611</u>	<u>\$ 6,414,338</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. The current debt limitation for the Town is \$204,978,284, 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 the same rate as fiscal year 2012. This is lower than both the state's average unemployment rate of 8.2% and the Hartford Labor Market rate of 8.2%. The Town is slightly below the national average of 7.8%.
- 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 2014 and thereafter.
- Residential construction increased with approximately 13 new building permits issued this year compared to 4 issued in 2012. This increase positively affects fee revenue in the building department, as well as the Town Clerk's department.
- Interest rates remain at historical lows and as a result investment income has been reduced.

All of these factors were considered in preparing the Town's budget for the 2014 fiscal year.

Requests for Information

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

Basic Financial Statements

Town of East Hampton, Connecticut

Statement of Net Position
June 30, 2013

	Governmental Activities
<u>Assets</u>	
Current assets:	
Cash	\$ 11,692,210
Investments	3,794,259
Receivables:	
Property taxes	676,658
Assessments	106,345
Intergovernmental	741,734
Loans	4,100
Other	40,462
Other assets	6,332
Total current assets	17,062,100
Noncurrent assets:	
Restricted assets:	
Temporarily restricted investments	827
Permanently restricted investments	15,500
Total restricted assets	16,327
Receivables (net):	
Property taxes	1,014,758
Assessments	130,514
Loans	173,432
Total receivables (net)	1,318,704
Other noncurrent assets:	
Net pension asset	1,436,331
Capital assets (net of accumulated depreciation):	
Land	2,343,992
Intangible assets (net of accumulated amortization)	724,600
Construction in progress	1,753,609
Buildings	32,235,661
Improvements other than buildings	617
Machinery and equipment	3,702,842
Infrastructure	37,487,526
Total capital assets (net of accumulated depreciation)	78,248,847
Total noncurrent assets	81,020,209
Total assets	98,082,309

(Continued)

Town of East Hampton, Connecticut

Statement of Net Position
June 30, 2013

	Governmental Activities
<u>Deferred Outflows of Resources</u>	
Deferred charge on refunding	\$ 44,453
<u>Liabilities</u>	
Current liabilities:	
Accounts payable and other liabilities	1,420,891
Accrued payroll	518,970
Accrued interest payable	117,956
Unearned revenue	246,568
Bond anticipation notes	395,000
Bonds and notes payable	860,796
Compensated absences	108,128
Total current liabilities	3,668,309
Noncurrent liabilities:	
Bonds, notes and related liabilities	7,749,688
Compensated absences	1,243,466
Net OPEB obligation	1,245,918
Environmental obligation	750,000
Total noncurrent liabilities	10,989,072
Total liabilities	14,657,381
<u>Net Position</u>	
Net investment in capital assets	69,287,816
Restricted for:	
Endowments:	
Expendable	827
Nonexpendable	15,500
Public works	1,022,761
Education	1,201,912
Unrestricted	11,940,565
Total net position	\$ 83,469,381

(Concluded)

See Notes to Financial Statements.

Town of East Hampton, ConnecticutStatement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental Activities:					
General government	\$ 2,663,044	\$ 331,161	\$ 263,073	\$	\$ (2,068,810)
Public safety	2,618,870	87,190	169,713		(2,361,967)
Civic and human services	458,228	975	16,100		(441,153)
Public works and utilities	5,297,481	2,153,810	274,618		(2,869,053)
Education	32,105,361	454,627	11,668,265	978,858	(19,003,611)
Regulatory	436,731	107,721			(329,010)
Culture and recreation	1,303,462	196,679	23,111	2,217	(1,081,455)
Interest expense	196,684				(196,684)
Total	\$ 45,079,861	\$ 3,332,163	\$ 12,414,880	\$ 981,075	\$ (28,351,743)
General Revenues:					
Property taxes					\$ 29,729,485
Grants and contributions not restricted to specific programs					227,704
Investment income					65,317
Miscellaneous					107,431
Total general revenues					30,129,937
Change in net position					1,778,194
Net position - July 1, 2012					81,691,187
Net position - June 30, 2013					\$ 83,469,381

Town of East Hampton, Connecticut

Balance Sheet
Governmental Funds
June 30, 2013

	General	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
<u>Assets</u>					
Cash	\$ 3,801,848	\$ 4,995,860	\$	\$ 2,643,337	\$ 11,441,045
Investments	1,823,899			1,986,687	3,810,586
Receivables:					
Property taxes	1,360,422				1,360,422
Assessments and user charges				191,709	191,709
Intergovernmental	317,902	77,708		182,707	578,317
Loans				209,607	209,607
Other	20,625		2,217	17,620	40,462
Due from other funds	573,541		2,812,099	594,827	3,980,467
Other				6,332	6,332
Total assets	\$ 7,898,237	\$ 5,073,568	\$ 2,814,316	\$ 5,832,826	\$ 21,618,947
<u>Liabilities</u>					
Accounts and other payables	\$ 1,105,237	\$ 21,109	\$ 44,684	\$ 311,151	\$ 1,482,181
Accrued payroll	518,970				518,970
Accrued interest		33,141			33,141
Due to other funds	1,107	3,450,617	241,519	393,649	4,086,892
Unearned revenue	165,971			80,597	246,568
Bond anticipation notes payable		395,000			395,000
Total liabilities	1,791,285	3,899,867	286,203	785,397	6,762,752
<u>Deferred Inflows of Resources</u>					
Unavailable revenue- property taxes	1,233,140				1,233,140
Unavailable revenue- water charges				6,341	6,341
Unavailable revenue- loans				209,607	209,607
Unavailable revenue- sewer assessment and use charges				185,368	185,368
Total deferred inflows of resources	1,233,140	-	-	401,316	1,634,456
<u>Fund Balances</u>					
Nonspendable				15,500	15,500
Restricted				2,225,500	2,225,500
Committed		1,173,701	2,528,113	2,046,575	5,748,389
Assigned				358,538	358,538
Unassigned	4,873,812				4,873,812
Total fund balances	4,873,812	1,173,701	2,528,113	4,646,113	13,221,739
Total liabilities, deferred inflows of resources and fund balances	\$ 7,898,237	\$ 5,073,568	\$ 2,814,316	\$ 5,832,826	\$ 21,618,947

(Continued)

See Notes to Financial Statements.

Town of East Hampton, Connecticut

Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2013

Amounts reported for governmental activities in the statement of net position (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)	\$ 13,221,739
----------------------------------------	---------------

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

Beginning capital assets	76,537,664
Current capital asset additions	3,637,380
Depreciation expense	(1,924,604)
Disposal and sale of capital assets	(1,593)

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

Property tax and sewer assessment interest and lien accrual	472,144
Property tax, sewer assessment, and loans receivable - accrual basis change	1,634,456
School building grant receivable	163,417
Allowance for doubtful accounts	(128,075)
Net pension asset	1,436,331

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 position	418,880
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(8,576,611)
Premium	(33,873)
Deferred charge on refunding	44,453
Compensated absences	(1,351,594)
Net OPEB obligation	(1,245,918)
Environmental obligation	(750,000)
Accrued interest payable	(84,815)

Net position of governmental activities (Exhibit A)	\$ <u>83,469,381</u>
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(Concluded)

See Notes to Financial Statements.

Town of East Hampton, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2013

	General	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 29,330,074	\$	\$	\$	\$ 29,330,074
Intergovernmental	11,747,385	978,858	2,217	1,038,589	13,767,049
Charges for services	482,567			2,857,706	3,340,273
Income on investments	20,298	10,382	7,096	27,541	65,317
Contributions and donations				22,581	22,581
Miscellaneous	19,452		74,431	13,548	107,431
Total revenues	41,599,776	989,240	83,744	3,959,965	46,632,725
Expenditures:					
Current:					
General government	3,387,759		49,714	151,345	3,588,818
Public safety	2,176,522		58,539	66,518	2,301,579
Public works and utilities	2,029,684		37,754	2,106,221	4,173,659
Culture and recreation	931,807		37,136	219,748	1,188,691
Civic and human services	378,220		13,406	24,500	416,126
Regulatory	364,173				364,173
Education	29,894,213		157,980	1,136,307	31,188,500
Debt service	1,133,973			68,048	1,202,021
Capital outlay		2,659,309	529,637	180,195	3,369,141
Total expenditures	40,296,351	2,659,309	884,166	3,952,882	47,792,708
Excess (deficiency) of revenues over expenditures	1,303,425	(1,670,069)	(800,422)	7,083	(1,159,983)
Other financing sources (uses):					
Issuance of debt		3,140,000			3,140,000
Premium on bond anticipation notes		28,936			28,936
Transfers in			954,572	61,296	1,015,868
Transfers out	(1,010,768)	(5,100)			(1,015,868)
Total other financing sources (uses)	(1,010,768)	3,163,836	954,572	61,296	3,168,936
Net change in fund balances	292,657	1,493,767	154,150	68,379	2,008,953
Fund balances - July 1, 2012	4,581,155	(320,066)	2,373,963	4,577,734	11,212,786
Fund balances - June 30, 2013	\$ 4,873,812	\$ 1,173,701	\$ 2,528,113	\$ 4,646,113	\$ 13,221,739

See Notes to Financial Statements

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, 2013

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) \$ 2,008,953

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	3,637,380
Depreciation expense	<u>(1,924,604)</u>

Total	<u>1,712,776</u>
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The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net position. 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 position differs from the change in fund balance by the cost of the capital assets sold.

Disposal of capital assets	<u>(1,593)</u>
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the statement of activities:

School building grant receipts	(165,971)
Change in property tax, sewer assessment, and community development block grant receivable - accrual basis change	291,100
Change in property tax and sewer assessment interest and lien revenue	<u>100,201</u>

Total	<u>225,330</u>
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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 position. Also, governmental funds report the effect of 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:	
General obligation bonds and notes	(3,140,000)
Bond premium	10,351
Deferred charges	(25,403)
Principal repayments:	
General obligation bonds and notes	<u>977,727</u>

Total	<u>(2,177,325)</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, 2013

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	\$ 232,239
Net OPEB obligation	(273,441)
Net pension asset	38,190
Accrued interest payable	<u>13,726</u>
Total	<u>10,714</u>
Internal Service Funds are used by management to charge costs of various self-insured risk premiums to individual departments	<u>(661)</u>
Change in net position of Governmental Activities (Exhibit B)	\$ <u><u>1,778,194</u></u>
	(Concluded)

See Notes to Financial Statements.

Town of East Hampton, Connecticut

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 29,448,989	\$ 29,448,989	\$ 29,330,074	\$ (118,915)
Intergovernmental	8,385,300	8,860,355	9,027,336	166,981
Charges for services	463,114	463,114	482,567	19,453
Investment income	45,000	45,000	20,298	(24,702)
Miscellaneous	3,359	3,359	19,452	16,093
Total revenues	38,345,762	38,820,817	38,879,727	58,910
Expenditures:				
Current:				
General government	3,512,564	3,456,979	3,387,759	69,220
Public safety	2,175,774	2,196,129	2,176,522	19,607
Public works	2,014,207	2,111,461	2,029,684	81,777
Regulatory	380,572	380,572	364,173	16,399
Health and human services	389,287	389,827	378,220	11,607
Culture and recreation	962,977	962,977	931,807	31,170
Education	26,710,840	27,178,131	27,174,164	3,967
Debt service	1,196,537	1,133,973	1,133,973	-
Total expenditures	37,342,758	37,810,049	37,576,302	233,747
Excess (Deficiency) of Revenues Over Expenditures	1,003,004	1,010,768	1,303,425	292,657
Other Financing Sources (Uses):				
Transfers out	(1,003,004)	(1,010,768)	(1,010,768)	-
Net Change in Fund Balance	\$ -	\$ -	292,657	\$ 292,657
Fund Balance - July 1, 2012			4,581,155	
Fund Balance - June 30, 2013			\$ 4,873,812	

See Notes to Financial Statements.

Town of East Hampton, ConnecticutStatement of Net Position
Proprietary Funds
June 30, 2013

		Governmental Activities
		Internal Service Funds
<hr/>		
	<u>Assets</u>	
Cash		\$ 251,165
Due from other funds		<u>197,500</u>
Total assets		448,665
	<u>Liability</u>	
Claims payable		<u>29,785</u>
	<u>Net Position</u>	
Unrestricted		<u><u>\$ 418,880</u></u>

See Notes to Financial Statements.

Town of East Hampton, ConnecticutStatement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2013

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Charges for services	\$ 310,709
Operating Expenses:	
Claims	288,471
Administration	22,899
Total Operating Expenses	311,370
Operating Income (Loss)	(661)
Total Net Position - July 1, 2012	419,541
Total Net Position - June 30, 2013	\$ 418,880

See Notes to Financial Statements.

Town of East Hampton, ConnecticutStatement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013

	Governmental Activities	Internal Service Funds
Cash Flows from Operating Activities:		
Cash received for charges for services	\$ 451,733	
Cash paid for benefits and claims	(288,719)	
Cash paid for administration	(22,899)	
Net Cash Provided by (Used in) Operating Activities and Net Increase (Decrease) in Cash		140,115
Cash - July 1, 2012		111,050
Cash - June 30, 2013	\$	<u>251,165</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (661)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in:		
Due from other funds		141,024
Increase (decrease) in:		
Claims payable		(248)
Net Cash Provided by (Used in) Operating Activities	\$	<u>140,115</u>

See Notes to Financial Statements.

Town of East Hampton, ConnecticutStatement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Pension Trust Fund	Agency Funds
<hr/>		
<u>Assets</u>		
Cash	\$ 1,612	\$ 425,642
Investments:		
Mutual funds:		
Equity mutual funds	15,406,195	554,766
Government agency securities		26,980
U.S. government bonds	6,183,511	286,463
Foreign currency bonds	1,193,182	
Money market	131,953	
Pooled real estate	1,555	
Real estate limited partnership	1,000,000	
Total investments	23,916,396	868,209
Total Assets	23,918,008	1,293,851
<u>Liabilities</u>		
Accounts payable	925	1,293,851
Due to other funds	91,075	
Total liabilities	92,000	1,293,851
Net Position Held in Trust for Pension Benefits	\$ 23,826,008	\$ -

See Notes to Financial Statements.

Town of East Hampton, Connecticut

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2013

	Pension Trust Fund
Additions:	
Contributions:	
Employer	\$ 829,183
Plan members	<u>432,009</u>
Total contributions	<u>1,261,192</u>
Investment income (loss):	
Net change in fair value of investments	1,890,925
Interest and dividends	<u>500,943</u>
Total investment income (loss)	2,391,868
Less investment expenses	<u>(42,025)</u>
Net investment income (loss)	<u>2,349,843</u>
Total Additions	<u>3,611,035</u>
Deductions	
Benefits	1,163,231
Administration	<u>50,089</u>
Total Deductions	<u>1,213,320</u>
Change in Net Position	2,397,715
Net Position - July 1, 2012	<u>21,428,293</u>
Net Position - June 30, 2013	<u><u>\$ 23,826,008</u></u>

See Notes to Financial Statements.

Town of East Hampton, Connecticut**Notes to Financial Statements****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 position 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 Financial Statements

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. General capital asset acquisitions are reported as expenditures in governmental funds.

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 Financial Statements**

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 funds include the cost of insurance and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position 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 Financial Statements****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 5 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 become 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 inflow of resources, since they are not considered to be available to finance expenditures of the current fiscal year.

Loans receivable 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 Financial Statements

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports the deferred charge on refunding in this category in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes (including advance collections, if any), water charges, sewer assessment and use charges and loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. 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.

Town of East Hampton, Connecticut**Notes to Financial Statements****8. 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 position. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

9. Fund Equity and Net Position

In the government-wide financial statements, net position is classified into the following categories:

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

This category presents the net position of the Town which is 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.

Town of East Hampton, Connecticut

Notes to Financial Statements

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 the passage of a resolution by the Council or by the issuance of a properly approved purchase order.

Unassigned

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless Town Council 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.

10. 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. Accordingly, actual results could differ from those estimates.

11. Reclassifications

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

Town of East Hampton, Connecticut**Notes to Financial Statements****II. Stewardship, Compliance and Accountability****A. Budgets and Budgetary Accounting**

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

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

Additional appropriations for the year amounted to \$475,055, which resulted from revised revenue estimates.

- 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 Selectmen. 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.

Town of East Hampton, Connecticut**Notes to Financial Statements****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, 2013	\$38,879,727	\$37,576,302
State Teachers' Retirement on-behalf payment	<u>2,720,049</u>	<u>2,720,049</u>
Balance, GAAP basis, Exhibit D - June 30, 2013	<u>\$41,599,776</u>	<u>\$40,296,351</u>

C. Capital Projects Authorizations

The following is a summary of Capital Projects at June 30, 2013:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Brewer Road Pavement Rehabilitation	\$ 408,500	\$ 49,870	\$ 358,630
Christopher Brook Culvert Replacement	512,000	18,319	493,681
High School Renovation Project – Phase I	200,080	183,148	16,932
High School Renovation Project – Phase II	51,695,000	90	51,694,910
Senior Center Renovations	755,100	755,100	-
Memorial School Oil Tank	150,000	139,276	10,724
Memorial School Roof	3,290,000	2,747,877	542,123
2012 Public Works Road Project	3,315,000	869,894	2,445,106
Oakum Dock water easement	790,500	733,487	57,013
Fire Truck	<u>645,000</u>		<u>645,000</u>
Totals	<u>\$ 61,761,180</u>	<u>\$ 5,497,061</u>	<u>\$ 56,264,119</u>

D. Donor Restricted Endowments

The Town has received certain endowments for library operations purposes. The amounts are reflected in net position 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 position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

At June 30, 2013, there is no appreciation available for appropriation.

Town of East Hampton, Connecticut

Notes to Financial Statements

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, 2013, \$12,429,886 of the Town's bank balance of \$14,679,886 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,961,897
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,467,989</u>
Total amount subject to custodial credit risk	<u>\$ 12,429,886</u>

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, 2013, 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
<u>Mutual funds:</u>					
Equity mutual funds	\$ 15,960,961	\$ 15,960,961	\$	\$	\$
Government agency securities	26,980		26,980		
U.S. government bonds	6,469,974			5,956,948	513,026
Foreign currency bonds	1,193,182			1,193,182	
Money market	131,953		131,953		
Pooled real estate	1,555	1,555			
Real Estate Limited Partnership	1,000,000	1,000,000			
Certificates of deposit	2,055,856		1,058,820	997,036	
Pooled fixed income	<u>1,754,730</u>		<u>1,754,730</u>		
Total	<u>\$ 28,595,191</u>	<u>\$ 16,962,516</u>	<u>\$ 2,972,483</u>	<u>\$ 8,147,166</u>	<u>\$ 513,026</u>

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 Financial Statements

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

Ratings	Mutual Funds				Pooled Fixed Income
	Government Agency Securities	Foreign Currency Bonds	U.S. Government Bonds	Money Market	
AAA	\$ 26,980	\$	\$ 6,469,974	\$	\$ 1,754,730
Unrated		1,193,182		131,953	
Total	<u>\$ 26,980</u>	<u>\$ 1,193,182</u>	<u>\$ 6,469,974</u>	<u>\$ 131,953</u>	<u>\$ 1,754,730</u>

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, 2013, including the applicable allowances for uncollectible accounts, are presented below.

	Property Taxes			CDBG Loans
	Taxes	Interest & Liens	Total	
Current portion	<u>\$ 622,257</u>	<u>\$ 54,401</u>	<u>\$ 676,658</u>	
Long-term portion	\$ 738,165	\$ 372,593	\$ 1,110,758	
Less allowance for uncollectibles	<u>(75,000)</u>	<u>(21,000)</u>	<u>(96,000)</u>	
Net long-term portion	<u>\$ 663,165</u>	<u>\$ 351,593</u>	<u>\$ 1,014,758</u>	
	Sewer Use and Assessments			CDBG Loans
	Assessments	Interest & Liens	Total	
Current portion	<u>\$ 86,160</u>	<u>\$ 20,185</u>	<u>\$ 106,345</u>	<u>\$ 4,100</u>
Long-term portion	\$ 105,549	\$ 24,965	\$ 130,514	\$ 205,507
Less allowance for uncollectibles			-	<u>(32,075)</u>
Net long-term portion	<u>\$ 105,549</u>	<u>\$ 24,965</u>	<u>\$ 130,514</u>	<u>\$ 173,432</u>

Town of East Hampton, Connecticut

Notes to Financial Statements

C. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance July 1, 2012	Increases	Decreases	Ending Balance June 30, 2013
<u>Capital assets, not being depreciated:</u>				
Land	\$ 2,343,992	\$	\$	\$ 2,343,992
Intangible assets	698,000			698,000
Construction in progress	3,432,170	2,231,142	3,909,703	1,753,609
Total capital assets, not being depreciated	6,474,162	2,231,142	3,909,703	4,795,601
<u>Capital assets, being depreciated:</u>				
Buildings	51,503,279	3,709,129		55,212,408
Intangible assets	60,000			60,000
Improvements other than buildings	61,795			61,795
Machinery and equipment	8,576,572	484,924	222,499	8,838,997
Infrastructure	43,050,044	1,121,888	33,175	44,138,757
Total capital assets, being depreciated	103,251,690	5,315,941	255,674	108,311,957
Total capital assets	109,725,852	7,547,083	4,165,377	113,107,558
<u>Less accumulated depreciation:</u>				
Buildings	21,949,918	1,026,829		22,976,747
Intangible assets	25,050	8,350		33,400
Improvements other than buildings	61,178			61,178
Machinery and equipment	4,913,987	443,074	220,906	5,136,155
Infrastructure	6,238,055	446,351	33,175	6,651,231
Total accumulated depreciation and amortization	33,188,188	1,924,604	254,081	34,858,711
Total capital assets, being depreciated, net	70,063,502	3,391,337	1,593	73,453,246
Capital assets, net	\$ 76,537,664	\$ 5,622,479	\$ 3,911,296	\$ 78,248,847

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

General government	\$ 12,819
Public safety	173,534
Public works and utilities	896,882
Health and human services	3,432
Culture and recreation	101,401
Regulatory	3,458
Education	733,078
Total depreciation expense	<u>\$ 1,924,604</u>

Town of East Hampton, Connecticut**Notes to Financial Statements****Construction Commitments**

The Town has substantially completed the active major construction projects and other projects as of June 30, 2013.

D. Interfund Accounts**1. Interfund Payables and Receivables**

A summary of interfund balances as of June 30, 2013 is as follows:

<u>Major funds:</u>	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
General fund:			
Miscellaneous grants	N/A	\$ 9,946	\$
Public works	N/A	17,545	
Public safety	N/A		1,107
Culture and recreation	N/A	40,491	
Education grant	N/A	1,781	
School cafeteria	N/A	16,452	
Capital reserve	N/A	241,519	
Capital initiatives	N/A	44,798	
WPCA operating	N/A	17,292	
WPCA joint facilities	N/A	79,432	
Water system	N/A	13,210	
Pension trust fund	N/A	91,075	
Total general fund		<u>573,541</u>	<u>1,107</u>
Capital initiatives:			
Public works	N/A		578,241
Capital reserve	N/A		2,812,099
WPCA joint facilities	N/A		15,479
General fund	N/A		44,798
Total capital initiatives		<u>-</u>	<u>3,450,617</u>
Capital reserve:			
Capital initiatives	N/A	2,812,099	
General fund	N/A		241,519
Total capital reserve		<u>2,812,099</u>	<u>241,519</u>

Town of East Hampton, Connecticut**Notes to Financial Statements**

	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
<u>Nonmajor governmental funds:</u>			
Miscellaneous grants	General Fund	\$	\$ 9,946
Water system	General Fund		13,210
Public safety	General Fund	1,107	
WPCA operating	General Fund		17,292
Education grant	General Fund		1,781
School cafeteria	General Fund		16,452
Culture and recreation	General Fund		40,491
WPCA joint facilities	General Fund		79,432
Public works	Capital Initiatives	578,241	
Public works	General Fund		17,545
WPCA joint facilities	Capital Initiatives	15,479	
Debt service fund	Internal Service		197,500
Total nonmajor governmental funds		<u>594,827</u>	<u>393,649</u>
Internal service funds	Debt Service Fund	<u>197,500</u>	
<u>Fiduciary funds:</u>			
Pension trust fund	General Fund		<u>91,075</u>
Grand total		<u>\$4,177,967</u>	<u>\$4,177,967</u>

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

Town of East Hampton, Connecticut

Notes to Financial Statements

2. Interfund Transfers

A summary of interfund transfers for the year ended June 30, 2013 is as follows:

	Corresponding Fund	Transfers In	Transfers Out
Major funds:			
General fund:			
Water system fund	N/A	\$	\$ 23,532
Capital reserve fund	N/A		949,472
School cafeteria fund	N/A		7,764
Debt service fund	N/A		30,000
Total general fund		-	1,010,768
Capital initiatives fund	Capital Reserve Fund	-	5,100
Capital reserve fund:			
General fund	N/A	949,472	
Capital initiatives fund	N/A	5,100	
Total capital reserve fund		954,572	-
Nonmajor funds:			
Special revenue funds:			
Water system fund	General Fund	23,532	
School cafeteria fund	General Fund	7,764	
Total special revenue fund		31,296	-
Debt service fund	General Fund	30,000	
Grand total		\$ 1,015,868	\$ 1,015,868

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

E. Short-Term Obligations - Bond Anticipation Notes

The Town uses bond anticipation notes (BANs) during the construction period of various projects prior to the issuance of the bonds at the completion of the project.

Short-term activity for the year ended June 30, 2013 was as follows:

Project	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013
Memorial School Roof and Oil Tank Project	\$	\$ 5,045,000	\$ 4,650,000	\$ 395,000
Road Program, Phase I		2,800,000	2,800,000	-
Total	\$ -	\$ 7,845,000	\$ 7,450,000	\$ 395,000

The BANs carry an interest rate of 1.25% and mature in August 2013.

In August 2013, the Town issued \$3,885,000 of general obligation bonds maturing through August 2033 carrying an interest rate of 2.0% - 4.0%, of which \$3,140,000 are permanently financed bond anticipation notes outstanding at June 30, 2013.

Town of East Hampton, Connecticut

Notes to Financial Statements

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, 2012	Additions	Reductions	Balance June 30, 2013	Current Portion
<u>Bonds:</u>									
Obligation bond	\$ 2,345,000	08/15/02	08/15/17	3.00%-4.125%	\$ 795,000	\$	\$ 170,000	\$ 625,000	\$ 125,000
Refunding issue	4,005,000	04/01/03	07/15/14	3.375%-4.10%	980,000		335,000	645,000	325,000
Obligation bond	3,175,000	02/01/06	02/01/21	3.40%-5.0%	1,675,000		250,000	1,425,000	225,000
Obligation bond	2,985,000	04/15/09	07/15/28	2.50%-4.50%	2,665,000		160,000	2,505,000	160,000
Total bonds					6,115,000	-	915,000	5,200,000	835,000
Bond anticipation notes (BANs)						3,140,000		3,140,000	
<u>Clean water notes:</u>									
Sewer 480C	503,694	06/30/02	12/31/21	2.0%	261,896		25,285	236,611	25,796
Sewer 247C	837,030	03/31/94	03/31/13	2.0%	37,442		37,442	-	
Total notes					299,338	-	62,727	236,611	25,796
Total bonds/notes					6,414,338	3,140,000	977,727	8,576,611	860,796
Premiums					44,224		10,351	33,873	
Total bonds/notes and related liabilities					6,458,562	3,140,000	988,078	8,610,484	860,796
Compensated absences					1,583,833	403,793	636,032	1,351,594	108,128
OPEB obligation					972,477	498,441	225,000	1,245,918	
Environmental obligation					750,000			750,000	
Total long-term obligations					\$ 9,764,872	\$ 4,042,234	\$ 1,849,110	\$ 11,957,996	\$ 968,924

Town of East Hampton, Connecticut**Notes to Financial Statements**

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>
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		15,059	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>\$ 163,417</u>	<u>\$ 236,611</u>	<u>\$ 5,200,000</u>	<u>\$ 1,118,631</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	\$ 65,885,877	\$ 6,247,000	\$ 59,638,877
Schools	131,771,754	2,324,583	129,447,171
Sewers	109,809,795	236,369	109,573,426
Urban renewal	95,168,489		95,168,489
Pension deficit	87,847,836		87,847,836

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$204,978,284.

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 \$163,417 for bond principal are reflected as deductions in the computation of net indebtedness.

Town of East Hampton, Connecticut**Notes to Financial Statements****3. Authorized/Unissued Bonds**

The amount of authorized, unissued bonds for general purposes at June 30, 2013 is as follows:

<u>Purpose of Bonds</u>	Authorized but <u>Unissued</u>
Governmental activities:	
Ambulance facility	\$ 18,500
High school athletic facilities improvements	2,000
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 oil tank	3,440,000
2012 road improvement project	3,315,000
High school renovation	51,695,000
Fire triple pumper	<u>645,000</u>
Total	<u>\$59,979,000</u>

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, 2013, \$640,000 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 cleanup 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.

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.

Town of East Hampton, Connecticut

Notes to Financial Statements

G. Restricted Net Assets

The amount of restricted net assets, which were restricted by enabling legislation, totaled \$2,217,835 at June 30, 2013.

H. Fund Balance Classifications

Fund Balance Component	General Fund	Capital Initiatives	Capital Reserve	Nonmajor Funds	Total
<u>Nonspendable:</u>					
Library trust	\$	\$	\$	\$ 15,500	\$ 15,500
<u>Restricted:</u>					
Public works					
Future debt payments				1,007,715	1,007,715
Public works projects				480,626	480,626
Sewer facility operations				349,735	349,735
Sewer operations				307,621	307,621
Water operations				43,927	43,927
Health and welfare					
Community development programs				6,838	6,838
Culture and recreation programs				827	827
Education - food services program				28,211	28,211
Total restricted	-	-	-	2,225,500	2,225,500
<u>Committed</u>					
General government					
Civic and human service programs				114,552	114,552
Public safety					
Police private duty				248,669	248,669
Culture and recreation programs				91,600	91,600
Education programs				336,248	336,248
Construction contracts		1,173,701	2,528,113	1,255,506	4,957,320
Total committed	-	1,173,701	2,528,113	2,046,575	5,748,389
<u>Assigned:</u>					
Debt service				358,538	358,538
<u>Unassigned</u>					
	4,873,812				4,873,812
Total	\$ 4,873,812	\$ 1,173,701	\$ 2,528,113	\$ 4,646,113	\$ 13,221,739

Town of East Hampton, Connecticut**Notes to Financial Statements****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 expenses 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 <u>July 1</u>	Current Year Claims and Change in <u>Estimates</u>	Claims Paid	Claims Payable <u>June 30</u>
2011-2012	\$ 23,410	\$ 305,529	\$ 298,906	\$30,033
2012-2013	30,033	288,471	288,719	29,785

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 Financial Statements

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 stand alone financial statements and is considered to be part of the Town of East Hampton's financial reporting entity. As such, the plan is accounted for in the fiduciary fund financial statements as a pension trust fund.

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

Benefit Provisions

The benefit formula is as follows:

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

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

The membership of the plan consisted of the following as of July 1, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	89
Current plan members	174
Inactive with vested benefits	<u>89</u>
Total	<u>352</u>

Town of East Hampton, Connecticut

Notes to Financial Statements

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 costs 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, 2013 were as follows:

Annual required contribution	\$ 815,329
Interest on net pension obligation	(111,851)
Adjustment to annual required contribution	<u>87,515</u>
Annual pension cost (APC)	790,993
Contributions made	<u>829,183</u>
Increase in net pension asset	38,190
Net pension asset, July 1, 2012	<u>1,398,141</u>
Net pension asset, June 30, 2013	<u>\$ 1,436,331</u>

Town of East Hampton, Connecticut

Notes to Financial Statements

5. Actuarial Methods and Assumptions

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 the plan as of the latest valuation date is as follows:

Valuation Date	July 1, 2012
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent
Remaining Amortization Period	26 Years Closed
Asset Valuation Method	5 Year Smoothed Market

Actuarial Assumptions:

Investment rate of return	7.5%
Projected salary increases:	
Merit	3.50%
Inflation	2.50%

6. Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
2011	\$ 762,888	\$ 847,761	111.1%	\$ 1,311,162
2012	722,325	809,304	112.0%	1,398,141
2013	790,993	829,183	104.8%	1,436,331

7. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012 was as follows:

	(A)	(B)	(A-B)	(A/B)	(C)	[(A-B)/C]
		Actuarial Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	(C) Covered Payroll	Over (Under) Funded AAL as a Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Value of Assets					
7/1/2012	\$20,819,841	\$25,902,904	\$ (5,083,063)	80.4%	\$7,621,801	(66.7)%

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 Financial Statements****D. Other Post Employment Benefit 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 Benefit ("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 MattersValuation 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, 2013, 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><u>201</u></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 \$225,000.

c. Employee Contributions

There are no employee contributions to the plan.

Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement plan. These teachers are required to contribute the cost of the insurance to the Town.

Town of East Hampton, Connecticut

Notes to Financial Statements

5. Funded Status and Funding Progress

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

	<u>A)</u>	<u>(B)</u>	<u>(A-B)</u>	<u>(A/B)</u>	<u>(C)</u>	<u>[(A-B)/C]</u>
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>Board of Education</u>						
July 1, 2011	\$	\$5,525,000	\$(5,525,000)	0.0%	\$11,651,000	(47.4)%

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 the plan as of the latest valuation date is as follows:

Valuation Date	July 1, 2011
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	27 Years Closed

Actuarial Assumptions:

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

Town of East Hampton, Connecticut

Notes to Financial Statements

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	\$ 497,000
Interest on net OPEB obligation	38,899
Adjustment to annual required contribution	<u>(37,458)</u>
Annual OPEB cost (AOC)	498,441
Contributions made	<u>225,000</u>
Change in net OPEB obligation	273,441
Net OPEB obligation - July 1, 2012	<u>972,477</u>
Net OPEB obligation - June 30, 2013	<u>\$1,245,918</u>

8. Three Year Trend Information

<u>Year Ending June 30</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>	<u>Actual Contributed</u>
Board of Education				
2011	\$ 517,004	55.7%	\$ 713,438	\$ 288,000
2012	547,039	52.7%	972,477	288,000
2013	498,441	45.1%	1,245,918	225,000

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 \$2,720,049.

Required Supplementary Information

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, 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%)
July 1, 2012	20,819,841	25,902,904	(5,083,063)	80.4%	7,621,801	(66.7%)
<u>Other Post Employment Benefit Plan</u>						
June 30, 2009	\$ -	\$ 6,071,000	\$ (6,071,000)	0.0%	N/A	N/A
July 1, 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 Plan**Town Employees**

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%
2013	815,329	829,183	101.7%

Other Post Employment Benefit Plan**Board 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%
2013	497,000	225,000	45.3%

General Fund

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

Town of East Hampton, Connecticut

General Fund
Schedule of Revenues
Budget and Actual
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Current taxes	\$ 28,582,589	\$ 28,582,589	\$ 28,461,186	\$ (121,403)
Back taxes	415,000	415,000	371,967	(43,033)
Telephone access share line	31,900	31,900	31,943	43
Supplemental motor vehicles	190,000	190,000	227,038	37,038
Housing Authority reimbursement	11,800	11,800	12,417	617
Interest	215,000	215,000	222,720	7,720
Liens	2,700	2,700	2,803	103
Total property taxes	29,448,989	29,448,989	29,330,074	(118,915)
Intergovernmental:				
General government:				
FEMA storm reimbursement			154,101	154,101
State infrastructure (LOCIP)	97,371	97,371	97,371	-
Elderly tax relief	45,000	45,000	45,704	704
Elderly Freeze Exemption	1,166	1,166		(1,166)
Department of Youth Services	16,100	16,100	16,100	-
State-owned property	112,631	112,631	113,312	681
Disability tax relief	1,200	1,200	1,275	75
Veterans' exemption	4,100	4,100	5,141	1,041
Manufacturers equipment (PILOT)	15,087	15,087		(15,087)
Mashantucket Pequot/Mohegan grant	56,034	56,034	60,044	4,010
Property tax relief	60,265	60,265	115,521	55,256
Other State grants	660	660	2,228	1,568
Total general government	409,614	409,614	610,797	201,183
Education:				
Principal and interest subsidy school bonds	165,971	165,971	171,077	5,106
Education cost sharing	7,665,929	7,665,929	7,673,234	7,305
Special education excess cost		475,055	475,055	-
School transportation	120,229	120,229	80,122	(40,107)
Adult Education	23,557	23,557	17,051	(6,506)
Total education	7,975,686	8,450,741	8,416,539	(34,202)
Total intergovernmental	8,385,300	8,860,355	9,027,336	166,981

(Continued)

Town of East Hampton, Connecticut

General Fund
Schedule of Revenues
Budget and Actual
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual	Variance With Final Budget
	Original	Final		
Charges for Services:				
Finance Department	\$ 23,609	\$ 23,609	\$ 36,172	\$ 12,563
Assessor Department	1,200	1,200	1,313	113
Animal control	540	540	615	75
Police Department	6,800	6,800	14,515	7,715
Town Clerk	222,700	222,700	220,776	(1,924)
Planning, zoning and buildings	96,965	96,965	107,626	10,661
Transfer station fees/stickers	50,500	50,500	41,266	(9,234)
Lease of Town property	28,560	28,560	28,566	6
Sears Park rent	600	600	975	375
Library	15,000	15,000	13,062	(1,938)
Community room rental	400	400	600	200
Sears Park stickers	16,000	16,000	16,852	852
Blasting permits	240	240	95	(145)
Public Works			134	134
Total charges for services	463,114	463,114	482,567	19,453
Investment income	45,000	45,000	20,298	(24,702)
Miscellaneous:				
Collector of Revenue	500	500	835	335
Parks & Recreation			1,160	1,160
Fire Marshall			200	200
Board of Education	2,559	2,559	6,869	4,310
Insurance reimbursement			9,738	9,738
Firefighting			500	500
Middle Haddam Historic District	300	300	150	(150)
Total miscellaneous	3,359	3,359	19,452	16,093
Total Revenues	\$ 38,345,762	\$ 38,820,817	\$ 38,879,727	\$ 58,910

(Concluded)

Town of East Hampton, ConnecticutGeneral Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
General Government:				
Town Manager's Department	\$ 295,681	\$ 295,681	\$ 295,602	\$ 79
Council special programs	19,657	23,857	23,838	19
Facilities administrator	114,114	114,114	107,651	6,463
Legal defense/fees	125,000	253,415	253,415	-
Town Hall and Annex	257,167	260,467	252,481	7,986
Finance and Accounting	413,910	413,910	411,973	1,937
Collector of Revenue	170,177	170,177	153,403	16,774
Assessor's Office	174,929	174,929	162,594	12,335
Board of Assessment Appeals	1,177	1,177	475	702
Town Clerk's office	180,879	180,879	179,532	1,347
Registrars/elections	50,347	50,347	38,832	11,515
General insurance	253,000	253,000	250,940	2,060
Probate court	13,224	13,224	13,224	-
Employee benefits	1,319,284	1,187,284	1,180,988	6,296
Information technology	64,518	64,518	62,811	1,707
Contingency	59,500			-
Total general government	3,512,564	3,456,979	3,387,759	69,220
Public Safety:				
Police administration	290,959	291,064	291,060	4
Police regular patrol	1,329,877	1,337,777	1,337,727	50
Lake patrol	3,706	11,026	11,018	8
Animal Control	39,856	39,856	37,924	1,932
Firefighting	251,759	255,459	255,443	16
Fire Marshal	43,373	43,373	42,797	576
Town center fire system	10,260	10,260	9,601	659
Ambulance association	6,910	7,480	7,479	1
Civil Preparedness	11,550	12,310	12,305	5
Communications	127,524	127,524	115,656	11,868
Street lighting	60,000	60,000	55,512	4,488
Total public safety	2,175,774	2,196,129	2,176,522	19,607
Public Works:				
Public Works	1,243,152	1,358,152	1,357,645	507
Engineering	60,000	60,000	34,048	25,952
Town Garage	57,406	57,406	45,830	11,576
Townwide motor fuel	188,231	170,453	163,601	6,852
Road materials	308,000	308,000	307,907	93
Transfer station	146,118	146,118	109,321	36,797
Septage disposal	11,300	11,332	11,332	-
Total public works	2,014,207	2,111,461	2,029,684	81,777
Regulatory:				
Planning, zoning and buildings	347,692	347,692	341,245	6,447
Economic development commission	11,827	11,827	7,332	4,495
Conservation and lake commission	16,242	16,242	13,678	2,564
Redevelopment agency	3,041	3,041	995	2,046
Middle Haddam Historic District	1,770	1,770	923	847
Total regulatory	380,572	380,572	364,173	16,399

(Continued)

Town of East Hampton, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Health and Human Services:				
Chatham Health District	\$ 107,242	\$ 107,242	\$ 107,242	\$ -
Human Services	112,033	112,033	109,271	2,762
Senior Center	107,112	107,112	99,813	7,299
Transportation	54,100	54,100	52,600	1,500
Cemetery care	5,000	5,000	4,954	46
Community Services	3,800	4,340	4,340	-
Total health and human services	389,287	389,827	378,220	11,607
Culture and Recreation:				
Park and recreation	361,069	361,069	358,389	2,680
Community Center	162,815	162,815	157,577	5,238
Library	429,093	429,093	405,841	23,252
Middle Haddam Library	10,000	10,000	10,000	-
Total culture and recreation	962,977	962,977	931,807	31,170
Education	26,710,840	27,178,131	27,174,164	3,967
Debt Service	1,196,537	1,133,973	1,133,973	-
Total Expenditures	37,342,758	37,810,049	37,576,302	233,747
Other Financing Uses:				
Transfers to other funds:				
Capital Reserve Fund	949,472	949,472	949,472	-
Water System	23,532	23,532	23,532	-
School Cafeteria Fund		7,764	7,764	-
Debt Service	30,000	30,000	30,000	-
Total other financing uses	1,003,004	1,010,768	1,010,768	-
Total Expenditures and Other Financing Uses	\$ 38,345,762	\$ 38,820,817	\$ 38,587,070	\$ 233,747

(Concluded)

Town of East Hampton, Connecticut

General Fund
Board of Education
Schedule of Expenditures Compared With Appropriations
Year Ended June 30, 2013

	Original Appropriation	Final Appropriation	Expenditures	Variance with Final Budget
Certified salaries	\$ 13,409,155	\$ 13,409,155	\$ 13,195,257	\$ 213,898
Classified salaries	3,439,258	3,439,258	3,535,140	(95,882)
Employee benefits:				
Medical and dental	3,884,635	3,884,635	3,709,032	175,603
Unemployment compensation	40,000	40,000	37,948	2,052
Social Security	232,168	232,168	226,693	5,475
Medicare	219,092	219,092	213,705	5,387
Pension	325,000	325,000	325,000	-
Workmen's compensation	101,000	101,000	100,199	801
Life insurance	57,600	57,600	46,787	10,813
Other	1,980	1,980	1,100	880
Tuition	435,537	910,592	871,110	39,482
Pupil transportation	1,207,277	1,207,277	1,234,890	(27,613)
Other transportation	4,915	4,915	16,026	(11,111)
Computer consulting services	100,202	100,202	94,034	6,168
Meetings and conferences	23,800	23,800	32,745	(8,945)
Professional/technical services	703,081	703,081	660,582	42,499
Public utilities	33,000	33,000	33,428	(428)
Building, equipment maintenance and repairs	238,063	238,063	387,668	(149,605)
Heating, ventilation maintenance and repairs	35,000	35,000	49,334	(14,334)
Security system maintenance and repairs	2,500	2,500	1,440	1,060
Vehicle maintenance and repairs	2,500	2,500	2,593	(93)
Supplies, materials and minor equipment	433,500	433,500	448,754	(15,254)
Fire protection	24,000	24,000	27,123	(3,123)
Refuse removal	34,000	34,000	24,783	9,217
Water and underground tank testing	5,000	5,000	1,323	3,677
Pest control	3,500	3,500	10,744	(7,244)
Tile and carpet replacement	500	500	6,462	(5,962)
Equipment rental	109,900	109,900	81,625	28,275
Property and liability insurance	132,109	132,109	124,818	7,291
Staff travel	13,012	13,012	7,563	5,449
Communications	47,055	47,055	51,828	(4,773)
Newspaper advertising	2,113	2,113	5,095	(2,982)
Printing and binding	28,083	28,083	23,319	4,764
Other purchased services	56,523	56,523	59,558	(3,035)
Heating oil	396,100	396,100	396,797	(697)
Motor fuel	220,420	220,420	167,287	53,133
Electricity	403,000	403,000	374,146	28,854
Bottled gas	2,500	2,500	3,011	(511)
Textbooks	100,732	100,732	106,948	(6,216)
Library books/periodicals	36,611	36,611	39,119	(2,508)
Other supplies and materials	52,877	52,877	78,951	(26,074)
Dues and fees	52,479	52,479		52,479
Equipment	60,663	60,663	314,146	(253,483)
Technology software	400	400	46,053	(45,653)
Transfers to other funds			7,764	(7,764)
Total expenditures	26,710,840	27,185,895	27,181,928	3,967
Amount reported as transfer out on Schedule 2		(7,764)	(7,764)	-
Total expenditures - Schedule 2	\$ 26,710,840	\$ 27,178,131	\$ 27,174,164	\$ 3,967

Nonmajor Governmental Funds

Special Revenue Funds

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

Fund	Funding Source	Function
Septage Disposal	Septage fees	Accumulation of resources for debt payments
Water System	User fees	Water operations
Public Safety	Fees	Police outside services
Culture and Recreation	User fees	Recreation programs
School Cafeteria	Sale of lunches and grants	Cafeteria operations
Education Grant	Federal and State grants	Education related programs
Public Works	Federal and State grants	Public works projects
Community Development	Federal grants	Town development programs
Miscellaneous Grants	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.

WPCA - acquisition and construction related to the WPCA.

WPCA Joint Facilities - acquisition and construction related to WPCA Joint Facilities.

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, 2013

	Special Revenue						
	Septage Disposal	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	Public Works
<u>Assets</u>							
Cash	\$	\$	\$	\$	\$	\$	\$
Investments	112,362	2,422	259,827	191,766	4,943	250,543	
Receivables:							
Assessments and user charges		6,341					
Intergovernmental				3,979	26,280	130,080	
Loans							
Other				739		4,975	
Due from other funds		58,716	1,107		22,490		578,241
Other					6,332		
Total assets	\$ 112,362	\$ 67,479	\$ 260,934	\$ 196,484	\$ 60,045	\$ 385,598	\$ 578,241
<u>Liabilities</u>							
Accounts payable	\$	\$ 4,001	\$ 11,019	\$ 13,643	\$ 9,930	\$ 24,079	\$ 80,070
Due to other funds		13,210		40,491	16,452	24,271	17,545
Unearned revenue			1,246	50,750	5,452	1,000	
Total liabilities	-	17,211	12,265	104,884	31,834	49,350	97,615
<u>Deferred Inflows of Resources</u>							
Unavailable revenue- water charges		6,341					
Unavailable revenue- loans							
Unavailable revenue- sewer assessment and use charges							
Total deferred inflows of resources	-	6,341	-	-	-	-	-
<u>Fund Balances</u>							
Nonspendable							
Restricted		43,927			28,211		480,626
Committed			248,669	91,600		336,248	
Assigned	112,362						
Total fund balances	112,362	43,927	248,669	91,600	28,211	336,248	480,626
Total liabilities, deferred inflows of resources and fund balances	\$ 112,362	\$ 67,479	\$ 260,934	\$ 196,484	\$ 60,045	\$ 385,598	\$ 578,241

(Continued)

Town of East Hampton, Connecticut

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Special Revenue						Debt Service
	Community Development	Miscellaneous Grants	Beneficial Assessment	WPCA Joint Facilities	WPCA Operating	Total Special Revenue Funds	Debt Service
<u>Assets</u>							
Cash	\$ 24	\$ 104,742	\$	\$ 417,962	\$ 627,076	\$ 1,599,478	\$ 112,620
Investments	6,814	133,217	997,036	53,690		1,562,946	407,414
Receivables:						-	
Assessments and user charges			242		185,126	191,709	
Intergovernmental		16,543		5,825		182,707	
Loans	209,607					209,607	
Other				11,906		17,620	
Due from other funds			10,679	15,479		686,712	
Other						6,332	
Total assets	\$ 216,445	\$ 254,502	\$ 1,007,957	\$ 504,862	\$ 812,202	\$ 4,457,111	\$ 520,034
<u>Liabilities</u>							
Accounts payable	\$	\$ 4,775	\$	\$ 75,695	\$ 11,581	\$ 234,793	\$ 76,358
Due to other funds		113,026		79,432	307,874	612,301	197,500
Unearned revenue		22,149				80,597	
Total liabilities	-	139,950	-	155,127	319,455	927,691	273,858
<u>Deferred Inflows of Resources</u>							
Unavailable revenue- water charges						6,341	
Unavailable revenue- loans	209,607					209,607	
Unavailable revenue- sewer assessment and use charges			242		185,126	185,368	
Total deferred inflows of resources	209,607	-	242	-	185,126	401,316	-
<u>Fund Balances</u>							
Nonspendable						-	
Restricted	6,838		1,007,715	349,735	307,621	2,224,673	
Committed		114,552				791,069	
Assigned						112,362	246,176
Total fund balances	6,838	114,552	1,007,715	349,735	307,621	3,128,104	246,176
Total liabilities, deferred inflows of resources and fund balances	\$ 216,445	\$ 254,502	\$ 1,007,957	\$ 504,862	\$ 812,202	\$ 4,457,111	\$ 520,034

(Continued)

Town of East Hampton, Connecticut

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Capital Projects					Permanent		Total Nonmajor Governmental Funds
	WPCA Development	WPCA	WPCA Joint Facilities	Public Water System	Total Capital Projects Funds	Library Trust	Interfund Eliminations	
Assets								
Cash	\$	\$	\$ 931,239	\$	\$ 931,239	\$	\$	\$ 2,643,337
Investments					-	16,327		1,986,687
Receivables:					-			
Assessments and user charges					-			191,709
Intergovernmental					-			182,707
Loans					-			209,607
Other					-			17,620
Due from other funds	54,613	166,574		103,080	324,267		(416,152)	594,827
Other					-			6,332
Total assets	\$ 54,613	\$ 166,574	\$ 931,239	\$ 103,080	\$ 1,255,506	\$ 16,327	\$ (416,152)	\$ 5,832,826
Liabilities								
Accounts payable	\$	\$	\$	\$	-	\$	\$	\$ 311,151
Due to other funds					-		(416,152)	393,649
Unearned revenue					-			80,597
Total liabilities	-	-	-	-	-	-	(416,152)	785,397
Deferred Inflows of Resources								
Unavailable revenue- water charges					-			6,341
Unavailable revenue- loans					-			209,607
Unavailable revenue- sewer assessment and use charges					-			185,368
Total deferred inflows of resources	-	-	-	-	-	-	-	401,316
Fund Balances								
Nonspendable					-	15,500		15,500
Restricted					-	827		2,225,500
Committed	54,613	166,574	931,239	103,080	1,255,506			2,046,575
Assigned					-			358,538
Total fund balances	54,613	166,574	931,239	103,080	1,255,506	16,327	-	4,646,113
Total liabilities, deferred inflows of resources and fund balances	\$ 54,613	\$ 166,574	\$ 931,239	\$ 103,080	\$ 1,255,506	\$ 16,327	\$ (416,152)	\$ 5,832,826

(Concluded)

Town of East Hampton, Connecticut

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013

	Special Revenue						
	Septage Disposal	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	Public Works
Revenues:							
Intergovernmental	\$	\$	\$ 15,612	\$ 12,296	\$ 123,726	\$ 567,283	\$ 161,599
Charges for services	97,212	89,077	72,060	166,165	317,449	137,178	
Income from investments	26	29	39	75	27	118	1,845
Contributions and donations			477	10,815		6,639	
Miscellaneous		200		8,175	1,504		
Total revenues	97,238	89,306	88,188	197,526	442,706	711,218	163,444
Expenditures:							
Current:							
General government							
Public safety			66,518				
Public works and utilities		116,316					210,722
Culture and recreation				219,748			
Civic and human services							
Education					450,470	685,837	
Debt service:							
Principal payments	37,442						
Interest	313						
Capital outlay			5,400	43,832			
Total expenditures	37,755	116,316	71,918	263,580	450,470	685,837	210,722
Excess (Deficiency) of Revenues over Expenditures	59,483	(27,010)	16,270	(66,054)	(7,764)	25,381	(47,278)
Other Financing Sources (Uses):							
Transfers in		23,532			7,764		
Transfers out	(46,000)						
Total other financing sources (uses)	(46,000)	23,532	-	-	7,764	-	-
Net Change in Fund Balances	13,483	(3,478)	16,270	(66,054)	-	25,381	(47,278)
Fund Balances - July 1, 2012	98,879	47,405	232,399	157,654	28,211	310,867	527,904
Fund Balances - June 30, 2013	\$ 112,362	\$ 43,927	\$ 248,669	\$ 91,600	\$ 28,211	\$ 336,248	\$ 480,626

(Continued)

Town of East Hampton, Connecticut

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2013

	Special Revenue					Total Special Revenue Funds	Debt Service
	Community Development	Miscellaneous Grants	Beneficial Assessment	WPCA Joint Facilities	WPCA Operating		Debt Service
Revenues:							
Intergovernmental	\$ 122,359	\$ 20,543	\$	\$ 13,937	\$ 1,234	\$ 1,038,589	\$
Charges for services	4,100	40,234		848,818	1,078,013	2,850,306	
Income from investments		24	21,536	1,289	367	25,375	73
Contributions and donations		4,650				22,581	
Miscellaneous	976			2,693		13,548	
Total revenues	127,435	65,451	21,536	866,737	1,079,614	3,950,399	73
Expenditures:							
Current:							
General government		30,618				30,618	120,727
Public safety						66,518	
Public works and utilities				843,245	932,294	2,102,577	
Culture and recreation						219,748	
Civic and human services		24,500				24,500	
Education						1,136,307	
Debt service:							
Principal payments				25,286		62,728	
Interest				5,007		5,320	
Capital outlay	122,360			8,603		180,195	
Total expenditures	122,360	55,118	-	882,141	932,294	3,828,511	120,727
Excess (Deficiency) of Revenues over Expenditures	5,075	10,333	21,536	(15,404)	147,320	121,888	(120,654)
Other Financing Sources (Uses):							
Transfers in				46,000		77,296	30,000
Transfers out				(929,360)	(166,413)	(1,141,773)	
Total other financing sources (uses)	-	-	-	(883,360)	(166,413)	(1,064,477)	30,000
Net Change in Fund Balances	5,075	10,333	21,536	(898,764)	(19,093)	(942,589)	(90,654)
Fund Balances - July 1, 2012	1,763	104,219	986,179	1,248,499	326,714	4,070,693	336,830
Fund Balances - June 30, 2013	\$ 6,838	\$ 114,552	\$ 1,007,715	\$ 349,735	\$ 307,621	\$ 3,128,104	\$ 246,176

(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, 2013

	Capital Projects					Permanent		Total Nonmajor Governmental Funds
	WPCA Development	WPCA	WPCA Joint Facilities	Public Water System	Total Capital Projects Funds	Library Trust	Interfund Eliminations	
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$ -	\$	\$	\$ 1,038,589
Charges for services	7,400				7,400			2,857,706
Income from investments	51	161	1,879		2,091	2		27,541
Contributions and donations					-			22,581
Miscellaneous					-			13,548
Total revenues	7,451	161	1,879	-	9,491	2	-	3,959,965
Expenditures:								
Current:								
General government					-			151,345
Public safety					-			66,518
Public works and utilities	3,644				3,644			2,106,221
Culture and recreation					-			219,748
Civic and human services					-			24,500
Education					-			1,136,307
Debt service:								
Principal payments					-			62,728
Interest					-			5,320
Capital outlay					-			180,195
Total expenditures	3,644			-	3,644	-	-	3,952,882
Excess (Deficiency) of Revenues over Expenditures	3,807	161	1,879	-	5,847	2	-	7,083
Other Financing Sources (Uses):								
Transfers in		166,413	929,360		1,095,773		(1,141,773)	61,296
Transfers out					-		1,141,773	-
Total other financing sources (uses)	-	166,413	929,360	-	1,095,773	-	-	61,296
Net Change in Fund Balances	3,807	166,574	931,239	-	1,101,620	2	-	68,379
Fund Balances - July 1, 2012	50,806			103,080	153,886	16,325		4,577,734
Fund Balances - June 30, 2013	\$ 54,613	\$ 166,574	\$ 931,239	\$ 103,080	\$ 1,255,506	\$ 16,327	\$ -	\$ 4,646,113

(Concluded)

Internal Service Funds

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 Position
June 30, 2013

	Dental Insurance	Board of Education Retiree Benefits	Total
<u>Assets</u>			
Cash	\$ 251,165	\$	\$ 251,165
Due from other funds		197,500	197,500
Total assets	251,165	197,500	448,665
<u>Liability</u>			
Claims payable	29,785		29,785
<u>Net Position</u>			
Unrestricted	\$ 221,380	\$ 197,500	\$ 418,880

Town of East Hampton, Connecticut

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year Ended June 30, 2013

	Dental Insurance	Board of Education Retiree Benefits	Total
Operating Revenues:			
Charges for services	\$ 310,709	\$	\$ 310,709
Operating Expenses:			
Claims	288,471		288,471
Administration	22,899		22,899
Total Operating Expenses	311,370	-	311,370
Change in Net Position	(661)	-	(661)
Total Net Position - July 1, 2012	222,041	197,500	419,541
Total Net Position - June 30, 2013	\$ 221,380	\$ 197,500	\$ 418,880

Town of East Hampton, Connecticut

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2013

	Dental Insurance	Board of Education Retiree Benefits	Total
Cash Flows From Operating Activities:			
Cash received for charges for services	\$ 451,733	\$	\$ 451,733
Cash paid for benefits and claims	(288,719)		(288,719)
Cash paid for administration	(22,899)		(22,899)
Net Cash Provided by (Used in) Operating Activities and Net Increase (Decrease) in Cash	140,115		140,115
Cash - July 1, 2012	111,050		111,050
Cash - June 30, 2013	\$ 251,165	\$ -	\$ 251,165
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (661)	\$	\$ (661)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in:			
Due from other funds	141,024		141,024
Increase (decrease) in:			
Claims payable	(248)		(248)
Net Cash Provided by (Used in) Operating Activities	\$ 140,115	\$ -	\$ 140,115

Fiduciary Funds

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

Agency Fund

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

Town of East Hampton, Connecticut

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<u>Assets</u>				
Cash:				
Student Activity Fund	\$ 351,066	\$ 524,357	\$ 514,321	\$ 361,102
Developer Bond Fund	183,935	10	119,405	64,540
Total Cash	535,001	524,367	633,726	425,642
Investments:				
Student Activity Fund	4,207	84	4,291	-
Volunteer Firemen Award Fund	785,958	107,819	25,568	868,209
Total Investments	790,165	107,903	29,859	868,209
Total Assets	\$ 1,325,166	\$ 632,270	\$ 663,585	\$ 1,293,851
<u>Liabilities</u>				
Accounts payable:				
Student Activity Fund	\$ 355,273	\$ 524,441	\$ 518,612	\$ 361,102
Developer Bond Fund	183,935	10	119,405	64,540
Volunteer Firemen Award Fund	785,958	107,819	25,568	868,209
Total Liabilities	\$ 1,325,166	\$ 632,270	\$ 663,585	\$ 1,293,851

Statistical Section

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

Contents

Financial Trends (Tables 1 - 4)

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

Revenue Capacity (Tables 5 - 7)

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

Debt Capacity (Tables 8 - 11)

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

Demographic and Economic Information (Tables 12 - 15)

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

Operating Information (Tables 16-17)

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

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

Table 1**Town of East Hampton, Connecticut**

Net Position by Component
 Last Ten Years
 (Unaudited)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net investment in capital assets	\$ 69,287,816	\$ 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
Restricted	2,241,000	3,183,000	3,031,388	3,026,010	16,261	16,105	16,814	17,431	17,072	16,799
Unrestricted	11,940,565	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
Total Net Position	<u>\$ 83,469,381</u>	<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>

Town of East Hampton, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

	Fiscal Year Ended									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:										
General government	\$ 2,663,044	\$ 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
Public safety	2,618,870	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
Civic and human services	458,228	436,539	362,272	477,033	997,140	368,356	337,184	287,554	314,598	267,718
Public works and utilities	5,297,481	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
Education	32,105,361	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
Regulatory	436,731	424,570	509,982	647,805	465,619	405,373	365,541	387,641	343,793	313,798
Culture and recreation	1,303,462	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
Interest on long-term debt	196,684	259,279	312,259	368,987	419,369	450,205	469,774	481,197	504,222	557,941
Total expenses	45,079,861	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
Program Revenues:										
Charges for services:										
General government	331,161	307,991	310,197	314,490	331,000	444,108	432,258	499,866	465,823	515,098
Public safety	87,190	77,903	48,487	199,872	306,825	61,697	102,218	48,535	51,237	57,398
Civic and human services	975	550	525	850	900	11,472	29,993	13,436	15,099	13,539
Public works and utilities	2,153,810	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
Education	454,627	501,103	517,287	580,766	498,749	468,912	502,271	489,650	475,082	450,060
Regulatory	107,721	110,638	95,970	170,035	109,184	257,085	270,305	324,079	366,787	277,701
Culture and recreation	196,679	209,251	218,155	231,110	247,327	512,574	277,038	303,116	293,230	265,596
Operating grants and contributions	12,414,880	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
Capital grants and contributions	981,075	1,422,995	496,985	1,196,987	1,368,159		206,205	1,324,242	1,850,348	686,836
Total program revenues	16,728,118	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
Net expenses	(28,351,743)	(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)

(Continued)

Town of East Hampton, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

	FISCAL YEAR ENDED									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues:										
Property taxes	\$ 29,729,485	\$ 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
Grants and contributions not restricted to specific programs	227,704	229,541	251,865	264,189	359,057	425,663	406,978	411,922	460,453	474,776
Investment income	65,317	47,794	80,509	142,627	230,040	521,414	654,130	474,365	260,755	128,223
Miscellaneous	107,431	66,258	174,713	304,570	221,078	21,225	32,709	29,067		
Total General Revenues	30,129,937	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
Change in Net Position	\$ 1,778,194	\$ 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

(Concluded)

Table 3

Town of East Hampton, Connecticut

Fund Balances, Governmental Funds
Last Ten Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:										
Nonspendable	\$	\$ 215,550	\$	\$	\$	\$	\$	\$	\$	\$
Assigned					1,687	1,888	1,888	12,640	27,657	28,918
Unassigned	4,873,812	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
Total General Fund	4,873,812	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
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	2,225,500	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
Committed	5,748,389	3,332,988	3,183,240	3,007,118	842,102	58,005	242,138	115,881	164,841	160,754
Assigned	358,538	435,709	495,906	612,475	372,333	345,317	529,512	821,358	1,661,685	1,418,158
Unassigned		(320,066)	(2,615)	(5,976)					(3,353,908)	(1,047,522)
Total all Other Governmental Funds	8,347,927	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
Grand Total	\$ 13,221,739	\$ 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

Table 4

Town of East Hampton, Connecticut

Changes in Fund Balances, Governmental Funds
Last Ten Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Property taxes	\$ 29,330,074	\$ 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
Intergovernmental	13,767,049	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
Charges for services	3,340,273	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
Income on investments	65,317	47,794	80,509	142,627	213,850	956,667	1,083,913	474,365	260,755	128,041
Contributions and donations	22,581	12,958	45,691	34,949	43,480	14,973	30,897	40,547	90,453	42,645
Miscellaneous	107,431	66,258	174,713	304,570	221,078	121,332	195,847	155,981	95,384	269,687
Total Revenues	46,632,725	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
Expenditures:										
Current:										
General government	3,588,818	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
Public safety	2,301,579	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
Public works and utilities	4,173,659	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
Culture and recreation	1,188,691	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
Civic and human services	416,126	395,823	556,741	376,385	353,640	597,669	306,090	247,240	283,644	239,876
Regulatory	364,173	359,986	430,430	449,453	393,412	321,864	302,164	320,056	283,927	246,948
Education	31,188,500	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
Debt service:										
Principal	977,727	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
Interest	224,294	257,686	300,219	333,558	483,480	403,298	462,820	467,577	478,351	555,487
Capital outlay	3,369,141	3,000,532	958,934	1,163,277	4,129,702	620,777	310,641	2,195,113	2,590,790	245,590
Total Expenditures	47,792,708	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
Excess (Deficiency) of Revenues Over Expenditures	(1,159,983)	211,713	335,539	(918,697)	(2,592,423)	929,551	793,271	(779,589)	(1,427,133)	(13,391)
Other Financing Sources (Uses):										
Issuance of debt	3,140,000				2,985,000			3,175,000		
Premium on bonds and notes	28,936				16,190			40,520		
Transfers in	1,015,868	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
Transfers out	(1,015,868)	(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)
Net Other Financing Sources (Uses)	3,168,936	(57,500)	-	-	3,001,190	-	-	3,215,520	-	-
Net Change in Fund Balances	\$ 2,008,953	\$ 154,213	\$ 335,539	\$ (918,697)	\$ 408,767	\$ 929,551	\$ 793,271	\$ 2,435,931	\$ (1,427,133)	\$ (13,391)
Debt Service as a Percentage of Noncapital Expenditures	2.72%	2.72%	3.93%	4.68%	12.33%	5.14%	6.82%	15.87%	8.10%	9.16%

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		
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
2013	1,001,807,950	1,431,154,214	123,855,863	176,936,947	1,125,663,813	1,608,091,161	70.00%	25.97

Source: Town of East Hampton, Assessor's Office

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

Table 6

Town of East Hampton, Connecticut

Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Name	Nature of Business	2013			2004		
		Assessed Value	Rank	Percentage Net Taxable Grand List (1)	Assessed Value	Rank	Percentage Net Taxable Grand List (1)
CT Light & Power Co.	Utility	\$ 14,027,640	1	1.25%	\$ 8,366,574	1	1.26%
Landmark East Hampton LLC	Mall Real Estate	7,400,000	2	0.66%			
Easthampton NE Development LLC	Real Estate Developer	3,309,880	3	0.29%			
Markowitz, Edward / American Distilling	Manufacturer	3,086,770	4	0.27%			
Rechovos	Real Estate Developer	2,938,434	5	0.26%	3,135,380	2	0.47%
Skyline Estates LLC	Real Estate Developer	2,784,993	6	0.25%			
East High Street Realty	Real Estate	2,336,370	7	0.21%	1,158,760	10	0.17%
Pauls & Sandys Too, Inc.	Real Estate - Commercial/Farm	2,051,220	8	0.18%	1,767,110	7	0.27%
Global Self Storage	Commercial Real Estate	1,857,842	9	0.17%			
Z Incorporated	Convalescent Home	1,768,000	10	0.16%	1,441,370	8	0.22%
Noslen, Inc./Gustine Family Ltd	Campground				1,934,530	5	0.29%
East Hampton Mall LTD Ptshp	Mall				2,720,240	3	0.41%
Tarragon Development LLC	Real Estate				1,889,660	6	0.28%
Frank Carreiro	Real Estate				1,231,570	9	0.19%
Nichols Bus Service, Inc.	Bus Company				2,215,820	4	0.33%
TOTAL		<u>\$ 41,561,149</u>		<u>3.69%</u>	<u>\$ 25,861,014</u>		<u>3.89%</u>

Source: Assessor's Office, Town of East Hampton

(1) Based on October 1, 2011 and 2002 net taxable Grand List of \$1,125,663,813 and \$664,052,012, 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
2004	28.69	\$ 19,284,127	\$ 19,015,770	98.61%	\$ 268,076	\$ 19,283,846	100.00%	\$ 281
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%	242,005	22,855,428	99.99%	3,322
2007	22.48	24,025,670	23,745,910	98.84%	268,769	24,014,679	99.95%	10,991
2008	23.30	25,712,774	25,357,394	98.62%	333,448	25,690,842	99.91%	21,932
2009	23.81	26,925,160	26,429,212	98.16%	438,886	26,868,098	99.79%	57,062
2010	24.01	27,458,502	26,889,271	97.93%	470,844	27,360,115	99.64%	98,387
2011	24.98	28,730,903	28,141,090	97.95%	422,352	28,563,442	99.42%	167,461
2012	25.68	28,705,137	28,141,477	98.04%	252,296	28,393,773	98.92%	311,364
2013	25.97	29,347,660	28,659,192	97.65%	-	28,659,192	97.65%	688,468

(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 and BANs	Premium	Clean Water Notes	Total	Percentage of Personal Income	Per Capita
2004	\$ 12,100,000	\$ 127,253	\$ 850,761	\$ 13,078,014	3.70%	\$ 1,122
2005	10,375,000	116,847	786,557	11,278,404	2.92%	946
2006	11,845,000	106,441	721,057	12,672,498	3.20%	1,039
2007	10,220,000	96,035	654,235	10,970,270	2.58%	881
2008	8,610,000	85,629	586,063	9,281,692	2.04%	740
2009	9,995,000	75,223	516,516	10,586,739	2.27%	844
2010	8,410,000	64,926	445,565	8,920,491	1.92%	699
2011	7,040,000	54,575	373,182	7,467,757	1.78%	574
2012	6,115,000	44,224	299,338	6,458,562	1.27%	497
2013	5,200,000	33,873	236,611	5,470,484	1.11%	423

Table 9

Town of East Hampton, Connecticut

**Ratios of General Bonded Debt Outstanding
Last Ten Years
(Unaudited)**

Year Ended June 30	General Obligation Debt Outstanding (1)				Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds and BANs	Premium	Clean Water Notes	Total		
2004	\$ 12,100,000	\$ 127,253	\$ 850,761	\$ 13,078,014	1.12%	\$ 1,122
2005	10,375,000	116,847	786,557	11,278,404	0.84%	946
2006	11,845,000	106,441	721,057	12,672,498	0.84%	1,039
2007	10,220,000	96,035	654,235	10,970,270	0.73%	881
2008	8,610,000	85,629	586,063	9,281,692	0.59%	740
2009	9,995,000	75,223	516,516	10,586,739	0.66%	844
2010	8,410,000	64,926	445,565	8,920,491	0.55%	699
2011	7,040,000	54,575	373,182	7,467,757	0.46%	574
2012	6,115,000	44,224	299,338	6,458,562	0.41%	497
2013	5,200,000	33,873	236,611	5,470,484	0.34%	423

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

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

Table 10

Town of East Hampton, Connecticut

Schedule of Debt Limitation
Connecticut Statutes, Section 7-374(b)
June 30, 2013
(Unaudited)

Tax base:

Total tax collections (including interest and lien fees) \$ 29,282,612

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
<u>Debt limitation:</u>					
2 1/4 times base	\$ 65,885,877	\$	\$	\$	\$
4 1/2 times base		131,771,754			
3 3/4 times base			109,809,795		
3 1/4 times base				95,168,489	
3 times base					87,847,836
Total limitations	<u>65,885,877</u>	<u>131,771,754</u>	<u>109,809,795</u>	<u>95,168,489</u>	<u>87,847,836</u>
<u>Indebtedness:</u>					
Bonds/notes	4,447,000	753,000	236,611		
Bond anticipation notes - short term		395,000			
Bond anticipation notes - permanently financed	1,800,000	1,340,000			
Less school building grants		(163,417)			
Less sewer assessment receivable			(242)		
Net indebtedness	<u>6,247,000</u>	<u>2,324,583</u>	<u>236,369</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 59,638,877</u>	<u>\$ 129,447,171</u>	<u>\$ 109,573,426</u>	<u>\$ 95,168,489</u>	<u>\$ 87,847,836</u>
The total net indebtedness above amounts to:					<u>\$ 8,807,952</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:					<u>\$ 204,978,284</u>
There is no overlapping debt for the Town.					

Table 11**Town of East Hampton, Connecticut**

Legal Debt Margin Information
Last Ten Years
(Unaudited)

Year Ended June 30	Debt Limit	Net Debt Applicable To Limit	Legal Debt Margin	Total Net Debt Applicable
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	197,243,699	2.99%
2013	204,978,284	8,807,952	196,170,332	4.30%

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
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%
2013	12,940	91,770	38,149	40.0	39% Bachelor Degree or more	1,882	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	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Town of East Hampton	388	1	20.85%	320	1	17.36%
Stop & Shop Supermarket	150	2	8.06%			
Cobalt Lodge	74	3	3.98%	70	2	3.80%
Northeast Utilities	50	4	2.69%	50	3	2.71%
American Distilling	50	5	2.69%	45	4	2.44%
CVS	32	6	1.72%			
Paul's & Sandy's Too Inc.	18	7	0.97%	14	6	0.76%
Bevin Brothers	15	8	0.81%	30	5	1.63%
TOTAL	<u>777</u>		<u>41.75%</u>	<u>529</u>		<u>28.70%</u>

Source: Connecticut Department of Labor

Note: All other employers have less than 10 employees.

Table 14

Town of East Hampton, ConnecticutFull-Time Equivalent Town Government Employees by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<u>Administrative and General Government</u>										
Town Clerk	2.5	2.5	2.5	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	4.0	5.0	5.0	3.0	3.0	3.5	3.5	3.5
Human Resources	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Facilities / Building Maintenance	3.0	3.5	3.3	3.3	3.3	3.3	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	2.5	2.0
Tax Collector	2.5	2.5	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	0.5	1.0	1.0	1.0	1.0	1.0
Police	17.0	17.0	17.0	19.0	19.0	19.0	18.0	18.0	18.0	17.0
Animal Control	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
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	14.0	13.0
Water Pollution Control	10.5	11.0	11.0	11.0	11.0	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	1.3	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	2.0	1.5	1.5
<u>Library</u>	8.0	8.0	8.0	7.5	7.5	7.5	7.0	7.0	6.0	6.0
<u>Recreation</u>										
Parks and Recreation	5.0	5.5	5.2	5.2	5.0	5.0	5.0	5.0	5.0	5.0
Grand Total	86.3	87.8	87.8	90.3	90.3	87.8	86.0	86.5	85.0	82.5

Source: Town Human Resources Department.

Town of East Hampton, Connecticut

Full-Time Equivalent Employees by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<u>Town</u>										
Administrative and General Government	15.00	15.50	15.30	16.30	16.30	14.30	14.00	14.50	14.50	14.50
Finance	10.00	10.00	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.00
Public Safety	18.50	18.50	18.50	20.50	20.50	21.00	20.00	20.00	20.00	19.00
Public Works	26.50	27.00	27.00	27.00	27.00	26.00	26.00	26.00	26.00	25.00
Health, Social and Senior Services	3.30	3.30	3.30	3.30	3.50	3.50	3.50	3.50	3.00	3.00
Library	8.00	8.00	8.00	7.50	7.50	7.50	7.00	7.00	6.00	6.00
Recreation	5.00	5.50	5.20	5.20	5.00	5.00	5.00	5.00	5.00	5.00
Total	86.30	87.80	87.80	90.30	90.30	87.80	86.00	86.50	85.00	82.50
<u>Board of Education</u>										
Certified	175.40	174.00	177.00	177.00	180.00	176.00	165.00	164.00	N/A	N/A
Non-Certified	126.00	126.00	123.00	123.00	123.00	115.00	108.00	94.00	N/A	N/A
Total	301.40	300.00	300.00	300.00	303.00	291.00	273.00	258.00	-	-
Total	387.70	387.80	387.80	390.30	393.30	378.80	359.00	344.50	85.00	82.50

Source: Town and Board of Education Human Resource Departments.

Table 16

Town of East Hampton, ConnecticutOperating Indicators by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Public safety										
Fire										
Incidents	413	445	400	334	323	361	341	345	322	288
Fire Marshall Inspections	174	133	206	226	258	277	235	265	219	259
Police										
Criminal arrests	144	129	247	177	210	170	201	181	164	155
Parking violations	1	2	9	-	12	9	20	12	18	3
Citations	133	418	228	380	293	232	373	384	273	317
Public works										
Street resurfacing (paved miles)	5.12	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
Parks and recreation										
Sessions / Classes	285	220	200	225	275	325	260	260	240	240
Program enrollments	2469	1,978	3,040	2,562	3,772	4,000	3,700	4,125	3,660	3,360
Library										
Volumes in collection	69,908	72,543	70,104	74,721	74,085	69,680	65,782	61,477	57,489	54,837
Total volumes borrowed	141,451	138,967	138,042	134,974	129,772	124,887	118,958	108,321	101,950	96,660
Education										
School enrollment	1,882	1,928	1,944	2,002	2,064	2,073	2,087	2,088	2,164	2,126

Source: Various Town Departments.

N/A - Information not available

Town of East Hampton, ConnecticutCapital Asset Statistics by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Parks and Recreation:										
Playgrounds	12	12	12	12	12	12	12	12	11	10
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer	4	4	4	4	4	4	4	4	4	4
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	9	8	8	8	7	7
Public Works:										
Highway department										
Streets (miles)	91.1	91.1	90.8	90.4	90.0	88.5	88.5	88.5	87.0	85.6
Wastewater										
Sanitary sewers (miles)	42.96	42.96	42.96	42.96	42.96	40.38	40.38	40.10	39.35	38.60
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.