

# **East Hartford Connecticut**



## **Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2012

Marcia A. Leclerc  
*Mayor*

Michael P. Walsh  
*Director of Finance*

# **Comprehensive Annual Financial Report**

of the

## **Town of East Hartford Connecticut**

Fiscal Year Ended June 30, 2012

Prepared by:  
Department of Finance  
Michael P. Walsh  
Director of Finance

**TOWN OF EAST HARTFORD, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**

**Page**

**Introductory Section**

Principal Officials	i
Organization Chart of the Town Government	ii
Letter of Transmittal	iii-vii
Certificate of Achievement for Excellence in Financial Reporting	viii

**Financial Section**

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10

**Exhibit**

Basic Financial Statements:

Government-Wide Financial Statements:

I	Statement of Net Assets	11
II	Statement of Activities	12

Fund Financial Statements:

Governmental Funds:

III	Balance Sheet	13-14
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	15-16

Proprietary Funds:

V	Statement of Net Assets	17
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets	18
VII	Statement of Cash Flows	19

Fiduciary Funds:

VIII	Statement of Fiduciary Net Assets	20
IX	Statement of Changes in Plan Net Assets	21

Notes to Financial Statements	22-50
-------------------------------	-------

Required Supplementary Information:

General Fund:

RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	51-52
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	53-54

Combining and Individual Fund Statements and Schedules:

General Fund:

A-1	Comparative Balance Sheet	55
A-2	Report of Tax Collector	56

Nonmajor Governmental Funds:

B-1	Combining Balance Sheet	57-58
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	59-60

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
	Internal Service Funds:	
C-1	Combining Statement of Net Assets	61
C-2	Combining Statement of Revenues, Expenses and Changes in Net Assets	62
C-3	Combining Statement of Cash Flows	63
	Fiduciary Funds:	
	Agency Funds:	
D-1	Combining Statement of Changes in Assets and Liabilities	64

## **Schedule**

	Capital Improvement Fund:	
1	Schedule of Project Authorizations and Expenditures	65

## **STATISTICAL SECTION**

### **Table**

	Financial Trends:	
1	Net Assets by Component	66
2	Changes in Net Assets	67
3	Fund Balances, Governmental Funds	68
4	Changes in Fund Balances, Governmental Funds	69
	Revenue Capacity:	
5	Assessed Value and Estimated Actual Value of Taxable Property	70
6	Principal Property Taxpayers	71
7	Property Tax Levies and Collections	72
	Debt Capacity:	
8	Ratios of Outstanding Debt By Type	73
9	Schedule of Debt Limitation	74
10	Legal Debt Margin Information	75
11	Direct and Overlapping Governmental Activities Debt	76
	Demographic and Economic Statistics:	
12	Demographic and Economic Statistics	77
13	Principal Employers - Current Year and Nine Years Ago	78
	Operating Information:	
14	Full-Time Equivalent Town Government Employees by Function/Program	79
15	Operating Indicators by Function/Program	80
16	Capital Asset Statistics by Function/Program	81

## **Introductory Section**

## **PRINCIPAL OFFICIALS**

### **MAYOR**

Marcia A. Leclerc

### **TREASURER**

Joseph R. Carlson

### **TOWN COUNCIL**

Richard F. Kehoe, Chairman  
William P. Horan, Jr., Vice Chairman  
Barbara-Ann Rossi, Majority Leader  
Eric Thompson, Minority Leader  
Ram Aberasturia  
Esther Clarke  
Patricia Harmon  
Linda A. Russo  
Marc I. Weinberg

### **ADMINISTRATION**

Corporation Counsel  
Town Clerk  
Director of Development  
Director of Finance  
Director of Health and  
Social Services  
Director of Libraries  
Director of Human Resources  
Director of Inspect. and Permits  
Director of Parks and Recreation  
Director of Public Works  
Director of Youth Services  
Chief of Fire  
Chief of Police

Scott Chadwick, Esq.  
Robert Pasek  
John Choquette  
Michael P. Walsh

James Cordier  
Patrick M. Jones  
Santiago Malave  
Greg Grew  
Theodore Fravel  
Timothy Bockus  
Cephus Nolen, Jr.  
John Oates  
Mark Sirois

### **BOARD OF EDUCATION**

Jeffrey A. Currey, Chairman  
Christopher M. Gentile  
Bryan R. Hall  
Tyron V. Harris  
Marcus C. Oladell, IV  
Marilyn S. Pet  
Dorese Roberts  
Tom Rupp  
Stephanie K. Watkins

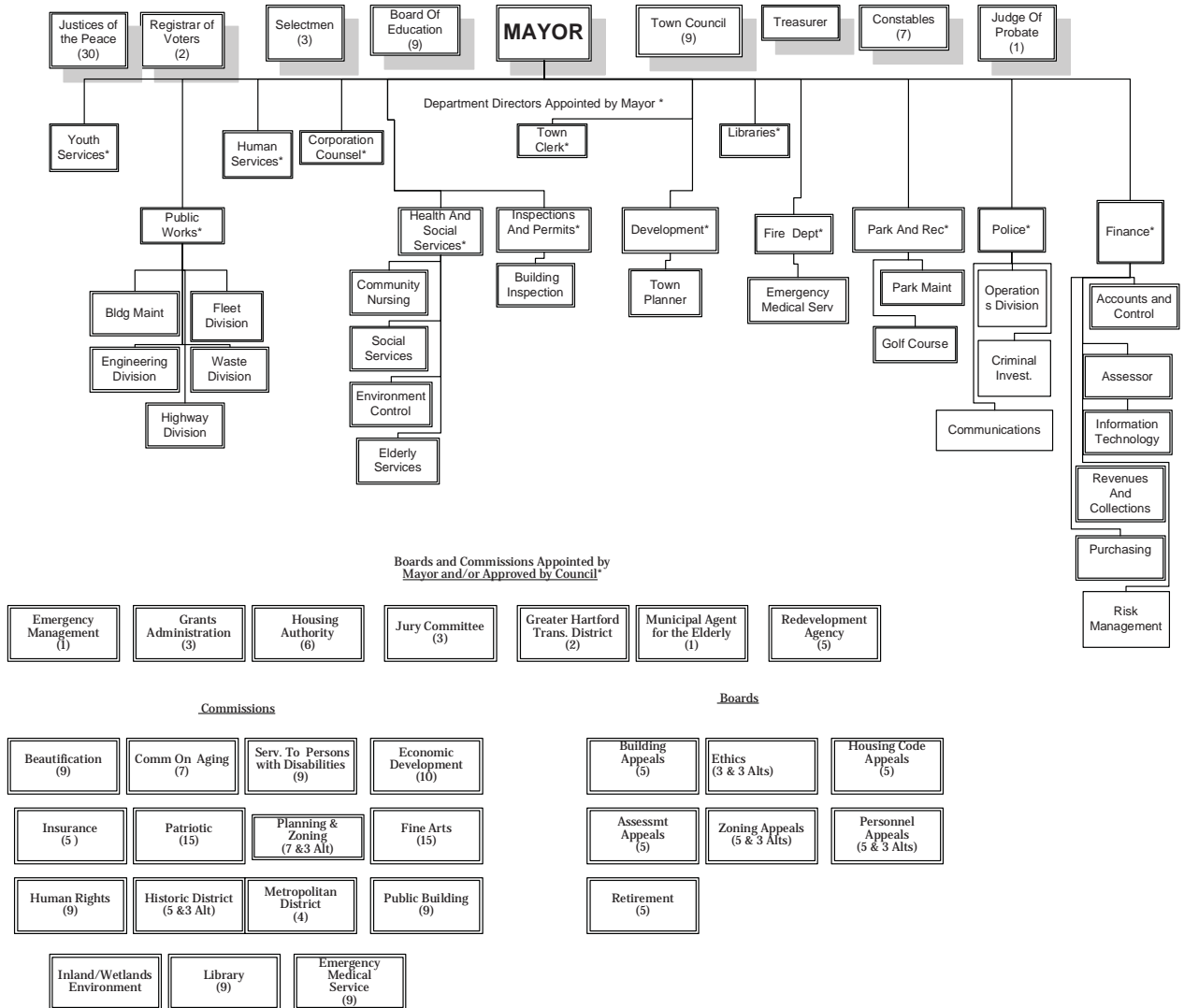
Superintendent of Schools  
Assistant Superintendent  
Director of Business Services  
Director of Human Resources  
Director of Pupil Personnel  
Director of Facilities

Nathan D. Quesnal  
Debbie A. Kaprove  
Paul F. Mainuli  
Christopher T. Wethje  
Sharon A. Bremner, Ed.D.  
Albert S. Costa

# Organization Chart

Voters

Elect



MELODY A. CURREY  
MAYOR

**TOWN OF EAST HARTFORD**  
740 Main Street  
East Hartford, Connecticut 06108

(860) 291-7240

FAX (860) 289-0831

FINANCE DEPARTMENT

December 20, 2012

Honorable Mayor Marcia A. Leclerc,  
Members of the Town Council  
Town of East Hartford  
East Hartford, Connecticut

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of East Hartford, Connecticut (the Town) for the fiscal year ended June 30, 2012. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data are accurate in all material respects, and are reported in a manner to present fairly the financial position and results of operations of the Town of East Hartford. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The Town is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit is issued as a separate report.

The State of Connecticut has enacted legislation referred to as the *State Single Audit Act*. The Act requires financial and compliance audits of State Assistance received by municipalities. Information related to this single audit is issued as a separate report.

This report includes all funds of the Town of East Hartford. The Town provides a full range of services including public safety, street maintenance and sanitation, health and human services, public parks and recreation, library, education, culture, public improvements, planning, zoning and general administrative services.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report. The MD&A provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

**Profile of the Town**

The Town of East Hartford was incorporated in 1783. Covering an area of 18.7 square miles, the Town borders on the City of Hartford on the west, the Towns of Glastonbury and Wethersfield on the south, the Town of Manchester on the east, and the Town of South Windsor on the north. The Town has a Strong Mayor/Council form of government. The Town Council is the governing body, and the Mayor is the Chief Executive Officer. Nine councilors are elected at large in odd-numbered years for two-year terms. The nine members of the Board of Education are elected to overlapping four-year terms as provided by the Town Charter. The Board of Education appoints the Superintendent of Schools.



## **The Local Economy and the Employment Market**

The Town of East Hartford is the home of over 75 diversified manufacturing plants and 1,844 businesses lending to the relative stability of the local economy. The Town continues to work to diversify its employment base by adding businesses and jobs, primarily in the service industry sector.

The Town serves as the corporate and general headquarters for the Pratt & Whitney Division of United Technologies Corporation, which employs 30,000 people worldwide and 8,000 people in East Hartford.

Goodwin College continues to expand its footprint along the banks of the Connecticut River. In 2011-2012, Goodwin College began \$117M of new construction related to the opening of three Magnet Schools which will be interlaced among Goodwin's College Campus. The proximity of the new schools to the college will enhance the learning experiences of the college, high school, elementary, and pre-school students. The completion of these schools will generate new PILOT funds for the Town.

Rentschler Field, a former airfield servicing Pratt & Whitney Aircraft has been rededicated as a mixed-used development. The Field contains approximately 920 acres and is the location of Pratt & Whitney, the United Technologies Research Center, the University of Connecticut's football stadium and approximately 700 acres of developable land. United Technologies Corporation ("UTC"), the owner of Rentschler Field, has selected a developer who has planned a \$2 billion development which includes research and development, high-tech office, retail, manufacturing, sports medical facilities, residential and recreational facilities to the site.

Other notable new developments that contribute to the local economy include:

CVS on Silver Lane

Rite Aid on School Street

General Dollar on Main Street

Farmington Bank on Main Street

Onyx Moonshine on Park Street

United Steel expansion on School Street

Goodwin College Dental Hygienic School

Auto Zone on Main Street

## **Long-Term Financial Planning**

The Town follows a prudent path when issuing debt by retiring most debt over a ten-year life. When budgeting for pension purposes, the Town always contributes the ARC (Annual Required Contribution) in order to maintain a stable pension fund.

## **Relevant Financial Policies**

The Town of East Hartford currently maintains an unassigned fund balance of \$14.0 million in its General Fund. As a percentage of the current adopted budget, East Hartford maintains 8.6% in reserve. The Town increased the reserve from the prior year by \$1,104.

The Town receives approximately one-third of budgeted revenues from the State of Connecticut. The vast majority of the State revenues that come to the Town are in the form of Educational Cost Sharing Grants (ECS) which provide a direct subsidy to the local education system.

## Major Initiatives

- Rentschler Field Development  
Beginning with the opening of the UCONN Football Stadium at Rentschler Field in 2003, and Cabela's in late 2007, the Town continues to work closely with the State, the property owner and the designated developer in an effort to open up the site to development. Planning and engineering of a road to open the site up to future development is underway.
- Road Improvements  
Using bond funds approved by way of referendum, the Town continues to rehabilitate local roads through various milling and repaving operations. In November of 2012, Town voters approved \$10 million to continue the Town's road and infrastructure rehabilitation efforts.
- Flood Control System  
The Town of East Hartford is located on the eastern bank of the Connecticut River, a major tributary to the Long Island Sound and the Atlantic Ocean. In 1940, the Army Corps of Engineers assisted the Town in the construction of an earthen dike system, including pumping stations, to protect the Town from flooding.

Recently, the Army Corps of Engineers have developed comprehensive maintenance standards for all flood control systems.

In order to fund the repairs directed by the Army Corps to prevent the decertification of the flood control system, the Town's voters via referendum in November of 2007 and again in 2011, approved a total of \$14 million in bonding. The State will reimburse two-thirds of the total repair costs expended by the Town by way of the Connecticut State Department of Environmental Protection up to another \$7 million. Initial indications on this extensive repair project suggest that the total cost of the repairs will be \$26 million.

## Financial Information

The Finance Department includes Accounting, Tax Collection, Tax Assessment, Purchasing, Information Technology and Risk Management. In developing and evaluating the Town's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance to record transactions.

## Budgetary Controls

The accounts of the Town are organized in funds and accounted for on the Town's financial management system. Each fund operates with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Budgetary control of disbursements and encumbrances against appropriations is maintained by department, division or major activity. The Town also maintains an encumbrance accounting system as one technique towards accomplishing budgetary control.

The Town Charter prescribes the following as the budgetary sequence and time schedule:

- The Town's departments and commissions receive their budget preparation forms in December.
- In early January the departments and commissions submit budgets to the Finance Department for compilation. The Finance Department also submits an assembled budget to the Mayor.
- During the month of January the Mayor and Finance Director review the budget requests with the departments and commissions. The current year revenues and expenditures are also reviewed and the Board of Education requested budget is forwarded to the Mayor.
- By February 23<sup>rd</sup>, the Mayor must submit to the Town Council revenue and expenditure estimates for the ensuing fiscal year as the Mayor's Recommended Budget. In the later part of February and the beginning of March, the Town Council holds meetings with the Mayor, Finance Director and all departments and commissions to review recommended budgets.
- During the first week of March, the Town Council holds meetings with the Board of Education to review their budgets. By March 11th, the Town Council must conduct one or more public hearings to review the recommended budget. Within 10 days of the final public hearing, the Town Council must adopt an Approved Budget for the fiscal year which begins July 1 and sets the tax rate for fiscal year which begins July 1.
- In accordance with the recommendations of the Charter Revision Commission, a Budget Referendum may now be called by the Town Council upon receipt of a petition signed by not less than fifteen (15) percent of qualified electors within fifteen days of the final approval of the Town budget by the Town Council. If the majority of the votes at the referendum are in the affirmative and the total number of votes cast is equal to at least twenty (20) percent of qualified electors, the Town Council shall adopt a new budget in accordance with the results of the referendum. No further referendum shall be permitted after adoption of the new budget by the Council. If the referendum fails, the adopted budget becomes the budget for the next fiscal year.

### **Independent Audit**

State Statute and the Town Charter require an annual audit by an independent certified public accountant. The Statute further prescribes that each municipality's annual report shall be prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). This report has been prepared in accordance with these standards. The auditors' opinion has been included in this report.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of East Hartford for its comprehensive annual financial report for the last thirty-two (32) fiscal years ended June 30, 1980-2011.

In order to receive the Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **Acknowledgments**

The presentation of this report could not have been accomplished without the efficient and dedicated services of the Department of Finance staff. I would like to express my appreciation to all those who may have assisted and contributed to this report. Special appreciation is conveyed to the Finance Department staff, especially Assistant Finance Director Linda Trzetsiak, as well as Joanne Zatarain, CPA for Business Services at the Board of Education, who were instrumental in completing the report. I also appreciate the continuing support of the Mayor and the Town Council, and the people of East Hartford who are committed to fiscal integrity and financial leadership.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Michael P. Walsh". The signature is fluid and cursive, with the first name "Michael" being more prominent and the last name "Walsh" following in a similar style.

Michael P. Walsh, Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of East Hartford  
Connecticut

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

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



*Linda C. Danison*

President

*Jeffrey R. Enen*

Executive Director

## **Financial Section**



Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Honorable Mayor and Members of the Town Council  
Town of East Hartford, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Hartford, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town of East Hartford, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of East Hartford, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of East Hartford, Connecticut's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Hartford, Connecticut, as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012 on our consideration of the Town of East Hartford, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, and the budgetary comparison information on pages 51 through 54 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 consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Hartford, Connecticut's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have 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 combining and individual nonmajor fund financial statements and 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.

*Blum, Shapiro & Company, P.C.*

December 20, 2012



**TOWN OF EAST HARTFORD, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

This discussion and analysis of the Town of East Hartford, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2012. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

**Financial Highlights**

- Net assets of our governmental activities decreased by \$5.1 million, or 5.2%.
- During the year, the Town had expenses of \$210.6 million, which were \$5.1 million more than the \$205.4 million generated in taxes, grants and other revenues for governmental programs.
- The total cost of all of the Town's programs was \$210.6 million.
- The General Fund reported a total fund balance this year of \$15.2 million. The General Fund unassigned component of fund balance was \$14.0 million as of June 30, 2012.
- Actual expenditures were \$161.5 million compared to the final budget of \$162.1 million, resulting in lower expenditures of \$635 thousand.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

**Government-Wide Financial Statements**

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the Town as a whole and about its activities for the current period. 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 cash is received or paid.

These two statements report the Town's net assets and changes in them. The Town's net assets, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net assets and the statement of activities, the Town reports the following activities:

- *Governmental Activities* - The Town's basic services are reported here, including education, public safety, public works, inspection and permits, parks and recreation, health and social services, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

### **Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town Council establishes many other funds to help control and manage financial activities for particular purposes (like the Police Private Duty Fund and the Landfill Closure Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the Community Development Fund and the State and Federal Educational Grants Fund). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- **Governmental Funds (Exhibits III and IV)** - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- **Proprietary Funds (Exhibits V, VI and VII)** - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. Internal service funds (the component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities - such as the Town's Risk Management Internal Service Fund.
- **Fiduciary Funds (Exhibits VIII and IX)** - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded 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.

## **Government-Wide Financial Analysis**

The Town's combined net assets decreased from \$97.4 million to \$92.3 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

**Table 1**  
**NET ASSETS**  
**(In Thousands)**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Current and other assets	\$ 42,366	\$ 40,723
Capital assets, net of accumulated depreciation	173,534	175,394
Total assets	215,900	216,117
Long-term debt outstanding	112,017	102,434
Other liabilities	11,597	16,272
Total liabilities	123,614	118,706
Net Assets:		
Invested in capital assets, net of debt	112,960	118,754
Restricted	190	191
Unrestricted	(20,864)	(21,534)
Total Net Assets	\$ 92,286	\$ 97,411

Net assets of the Town's governmental activities decreased by \$5.1 million or 5.2%. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - totaled \$(20.9) million at June 30, 2012 compared to \$(21.5) million at June 30, 2011. Various contributing factors resulting in the decrease in net assets are discussed following Table 2.

**Table 2**  
**CHANGE IN NET ASSETS**  
**(In Thousands)**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Revenues:		
Program revenues:		
Charges for services	\$ 13,236	\$ 11,197
Operating grants and contributions	76,757	77,598
Capital grants and contributions	276	6,536
General revenues:		
Property taxes	107,062	104,956
Grants and contributions not restricted to specific purposes	6,349	5,418
Unrestricted investment earnings	67	42
Other general revenues	1,698	1,721
Total revenues	<u>205,445</u>	<u>207,468</u>
Program expenses:		
General government	34,681	31,495
Public safety	29,661	27,576
Inspection and permits	639	645
Public works	13,219	20,549
Parks and recreation	3,165	3,666
Health and social services	3,063	3,336
Education	124,623	124,447
Interest on long-term debt	1,519	1,640
Total program expenses	<u>210,570</u>	<u>213,354</u>
Decrease in Net Assets	\$ <u>(5,125)</u>	\$ <u>(5,886)</u>

The Town's total revenues were \$205.4 million. The total cost of all programs and services was \$210.6 million. The Town's overall decrease of \$5.1 million in net assets compared with a decrease in net assets of \$5.9 million last year is attributable to many factors both in relation to full accrual activities on a government-wide basis as well as significant changes in results in operations, year over year, in the Town's General Fund and Internal Service Funds.

The Town's program revenues decreased \$2.0 million (\$205.4 million compared to \$207.5 million). Increases in property taxes and charges for services of \$2.1 and \$2.0 million respectively, were offset by a reduction in Capital grants received by the Town of \$6.3 million and accounted for the decrease.

The total program expenses decreased \$2.8 million (\$210.6 million compared with \$213.4 million). Medical insurance and Public safety spending accounted for an increase of \$5.3 million that was offset by a \$7.3 million decrease in Public Works spending.

Table 3 presents the cost of each of the Town's five largest programs - general government, public safety, public works, parks and recreation, and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**Table 3**  
**GOVERNMENTAL ACTIVITIES**  
**(In Thousands)**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
General government	\$ 34,681	\$ 31,495	\$ 32,518	\$ 29,248
Public safety	29,661	27,576	27,969	24,908
Public works	13,219	20,549	12,743	17,575
Parks and recreation	3,165	3,666	2,572	2,918
Education	124,623	124,447	43,032	40,946
All others	5,221	5,621	1,467	2,428
Totals	<u>\$ 210,570</u>	<u>\$ 213,354</u>	<u>\$ 120,301</u>	<u>\$ 118,023</u>

### **Town Funds Financial Analysis**

#### **Governmental Funds**

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$20.3 million, which is a \$6.8 million increase from last year's total of \$13.5 million.

The Town's General Fund reported an increase in fund balance of \$1.7 million while the Capital Improvement Fund experienced an increase of \$5.0 million. The General Fund's budgetary revenue estimates generated a \$2.4 million favorable variance as reported in RSI-1.

As noted above, the Town's Capital Improvement Fund reported an increase in fund balance of \$5.0 million as bond issuance proceeds and capital lease financing proceeds were used to fund capital expenditures during the fiscal year ended June 30, 2012 and to provide funding for capital expenditures.

The General Fund's original budget was amended (increased) during the year by \$2.0 million and included contributions to the Medical Reserve Fund and OPEB Trust Fund totaling \$1 million to fund the cost of higher medical expenses paid for active employees and retirees, a \$750 thousand additional contribution to the General Insurance Reserve Fund to cover high liability reserves at year-end, and \$250 thousand to fund the net clean-up costs related to Storm Alfred.

The Town's General Fund balance of \$15.2 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$14.0 million. This is principally because budgetary fund balance does not include \$1.3 million of outstanding encumbrances at year-end, which are reported as expenditures for budgetary purposes.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At June 30, 2012, the Town had \$173.5 million, net of depreciation, invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment roads and bridges - Table 4. This amount represents a net decrease of \$1.9 million, or 1.0%, over last year.

**Table 4**  
**CAPITAL ASSETS**  
**(Net of Depreciation)**  
**(In Thousands)**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Land	\$ 11,952	\$ 11,952
Buildings and improvements	81,151	78,021
Furniture, vehicles and equipment	7,282	7,657
Infrastructure	54,038	56,228
Construction in progress	19,111	21,536
Totals	\$ <u>173,534</u>	\$ <u>175,394</u>

The Town's FY 2012-2013 Adopted Capital Budget calls for it to spend up to \$20.2 million on various capital projects, including \$10 million on road repaving, \$4.6 million on levee infrastructure improvements, \$4 million on streetlight retrofitting to reduce energy costs, and \$300 thousand on new police cars. The remainder of the funds will go toward the purchase of various replacement equipment needed to maintain an appropriate fleet.

### ***Long-Term Debt***

At June 30, 2012, the Town had \$45.9 million in bonds outstanding versus \$41.2 million last year - an increase of \$4.7 million or 11.4% - as shown in Table 5. The increase is a result of the issuance of new debt in 2012.

**Table 5**  
**OUTSTANDING DEBT**  
**(In Millions)**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
General obligation bonds	\$ <u>45.9</u>	\$ <u>41.2</u>

The Town's general obligation bond rating has been recalibrated and is now an Aa2 rating. The recalibration was a direct result of threatened legal action by the Connecticut Attorney General. Under the old method of rating the caliber of debt issued by an entity, a dual ratings scale would be employed to differentiate debt issued by corporate and government entities. This system was replaced by a single scale with the corresponding reevaluation of each entity resulting in a two grade upgrade for the municipal debt issuer. The move to a single scale rating recognized the near non-existent default rate of Connecticut municipal governments. The new rating has been assigned by national agencies to the Town's debt. The State limits the amount of general obligation debt that towns can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$728 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The unemployment rate for the Town of East Hartford is currently 10.5% (through October 2012) compared with the prior year of 11.5%.

The appropriation for expenditures totals \$168.0 million in the Adopted Budget for the 2012-2013 fiscal year, representing an increase of 4.7% compared to the final amended budget for the fiscal year ended June 30, 2012.

The increase was a result of \$3.4 million of higher contributions to the Medical Reserve Fund, OPEB Trust Fund, and General Insurance Reserve Fund as the Town confronts rapidly rising medical expenses for active employees and retirees and liability increases related to ongoing litigation. Additionally, \$3.3 million of increased funding was committed to the Board of Education. That funding also in large part was needed to fund rising medical claims for Board of Education employees.

If the appropriation estimates and estimated revenues primarily funded from property taxes are realized, the Town does not anticipate using any portion of the undesignated General Fund Fund Balance to balance budgeted operations for the 2012-2013 fiscal year.

The Town's elected and appointed officials considered many factors when establishing the tax mill rate of 42.79 for the Adopted Budget for the 2012-2013 fiscal year. This mill rate represents an increase of 8.4 mills and was completely driven by the adoption of State mandated property revaluation whereby residential property values declined by \$412 million or 20% when compared to the prior year.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of East Hartford, 740 Main Street, East Hartford, Connecticut 06108.



## **Basic Financial Statements**

## TOWN OF EAST HARTFORD, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2012

In Thousands

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 28,126
Investments	332
Receivables, net	12,050
Due from fiduciary funds	1,386
Other assets	472
Capital assets:	
Assets not being depreciated	31,063
Assets being depreciated, net	142,471
Total assets	<u>215,900</u>
Liabilities:	
Accounts and other payables	4,254
Due to other governments	1,137
Unearned revenue	6,206
Noncurrent liabilities:	
Due within one year	15,571
Due in more than one year	96,446
Total liabilities	<u>123,614</u>
Net Assets:	
Invested in capital assets, net of related debt	112,960
Restricted for trust purposes:	
Expendable	190
Unrestricted	<u>(20,864)</u>
Total Net Assets	<u>\$ 92,286</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF EAST HARTFORD, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 34,681	\$ 938	\$ 1,213	\$ 12	\$ (32,518)
Public safety	29,661	1,554	138		(27,969)
Inspections and permits	639	1,966			1,327
Public works	13,219	148	257	71	(12,743)
Parks and recreation	3,165	498	95		(2,572)
Health and social services	3,063	263	1,525		(1,275)
Education	124,623	7,869	73,529	193	(43,032)
Interest on long-term debt	1,519				(1,519)
Total	<u>\$ 210,570</u>	<u>\$ 13,236</u>	<u>\$ 76,757</u>	<u>\$ 276</u>	<u>(120,301)</u>
General revenues:					
Property taxes					107,062
Grants and contributions not restricted to specific programs					6,349
Unrestricted investment earnings					67
Other general revenues					1,698
Total general revenues					<u>115,176</u>
Change in net assets					(5,125)
Net Assets, Beginning of Year					<u>97,411</u>
Net Assets, End of Year					<u>\$ 92,286</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF EAST HARTFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

In Thousands

	General	State and Federal Education Grants	Capital Improvement	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 23,222	\$ 604	\$ 1,255	\$ 7	\$ 453	\$ 25,541
Investments	250				82	332
Receivables, net	8,590	305	34	1,311	1,471	11,711
Due from other funds	2,352		4,330		953	7,635
Other assets					50	50
Total Assets	<u>\$ 34,414</u>	<u>\$ 909</u>	<u>\$ 5,619</u>	<u>\$ 1,318</u>	<u>\$ 3,009</u>	<u>\$ 45,269</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 2,738	\$ 230	\$ 411	\$ 40	\$ 445	\$ 3,864
Due to other funds	7,411		659	76	226	8,372
Due to other governments			1,138			1,138
Deferred revenue	9,054	462		1,195	913	11,624
Total liabilities	<u>19,203</u>	<u>692</u>	<u>2,208</u>	<u>1,311</u>	<u>1,584</u>	<u>24,998</u>
Fund balances:						
Nonspendable					190	190
Restricted		217	34	116	872	1,239
Committed			4,735		431	5,166
Assigned	1,257					1,257
Unassigned	13,954		(1,358)	(109)	(68)	12,419
Total fund balances	<u>15,211</u>	<u>217</u>	<u>3,411</u>	<u>7</u>	<u>1,425</u>	<u>20,271</u>
Total Liabilities and Fund Balances	<u>\$ 34,414</u>	<u>\$ 909</u>	<u>\$ 5,619</u>	<u>\$ 1,318</u>	<u>\$ 3,009</u>	<u>\$ 45,269</u>

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**TOWN OF EAST HARTFORD, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**

**JUNE 30, 2012**

**In Thousands**

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because of the following:

Fund balances - total governmental funds	\$	20,271
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	307,887	
Less accumulated depreciation		<u>(134,353)</u>	
Net capital assets			173,534

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

Property tax receivables greater than 60 days		2,977
Interest receivable on property taxes		957
Housing rehabilitation loans receivable		1,195
Other accounts receivable		289

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.

19

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

Net pension obligation		(1,424)
Net OPEB obligation		(28,412)
Bonds and notes payable		(45,865)
Premium on refunding bonds		(511)
Deferred amounts on refunding		157
Bond issuance costs		148
Interest payable on bonds and notes		(176)
Landfill post closure monitoring		(360)
Compensated absences		(15,831)
Retirement obligations		(179)
Capital lease		<u>(14,503)</u>

Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>92,286</u></u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF EAST HARTFORD, CONNECTICUT

## GOVERNMENTAL FUNDS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

	General	State and Federal Education Grants	Capital Improvement	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
General property taxes	\$ 107,495	\$	\$	\$	\$	\$ 107,495
Licenses and permits	2,132					2,132
Intergovernmental revenues	60,641	15,566	411	425	5,876	82,919
Charges for services	7,355	588			2,896	10,839
Investment income	33		6		27	66
Other	962		1,069	11	358	2,400
Total revenues	<u>178,618</u>	<u>16,154</u>	<u>1,486</u>	<u>436</u>	<u>9,157</u>	<u>205,851</u>
Expenditures:						
Current:						
General government	30,955			50	983	31,988
Public safety	25,544				947	26,491
Inspection and permits	639					639
Public works	8,185			53	310	8,548
Parks and recreation	2,558			3	510	3,071
Health and social services	1,361			331	1,293	2,985
Education	97,696	16,179			4,652	118,527
Capital outlay			8,916			8,916
Debt and sundry	9,758					9,758
Total expenditures	<u>176,696</u>	<u>16,179</u>	<u>8,916</u>	<u>437</u>	<u>8,695</u>	<u>210,923</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,922</u>	<u>(25)</u>	<u>(7,430)</u>	<u>(1)</u>	<u>462</u>	<u>(5,072)</u>
Other Financing Sources (Uses):						
Bond issuance	5,280		11,000			16,280
Premium on refunding bonds	193					193
Payment to refunded bond escrow agent	(5,411)					(5,411)
Transfers in	506		765		32	1,303
Transfers out	(797)		(184)		(322)	(1,303)
Multi-year lease purchase agreements			813			813
Total other financing sources (uses)	<u>(229)</u>	<u>-</u>	<u>12,394</u>	<u>-</u>	<u>(290)</u>	<u>11,875</u>
Net Change in Fund Balances	1,693	(25)	4,964	(1)	172	6,803
Fund Balance, Beginning of Year	<u>13,518</u>	<u>242</u>	<u>(1,553)</u>	<u>8</u>	<u>1,253</u>	<u>13,468</u>
Fund Balance, End of Year	<u>\$ 15,211</u>	<u>\$ 217</u>	<u>\$ 3,411</u>	<u>\$ 7</u>	<u>\$ 1,425</u>	<u>\$ 20,271</u>

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## TOWN OF EAST HARTFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 6,803
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	5,072
Depreciation expense	(6,793)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.

Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.	(139)
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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 funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	(538)
Property tax interest and lien revenue - accrual basis change	105
Housing rehabilitation loans - accrual basis change	(40)
Other accounts receivable - accrual basis change	(10)

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 has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Issuance of bonds	(16,280)
Bond principal payments	11,640
Premium on debt issuance	(193)
Capital lease payments	1,616
Capital lease financing	(813)
Deferred amounts on refunding, net	(19)
Amortization of premium on refunding	75
Bond issuance costs, net	40

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 the governmental funds:

Compensated absences	308
Accrued interest	55
Retirement obligations	22
Net pension expense	(34)
Net OPEB expense	(6,618)
Landfill post closure expense	68

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

548
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Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>(5,125)</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF EAST HARTFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF NET ASSETS

JUNE 30, 2012

In Thousands

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Assets:	
Current:	
Cash and cash equivalents	\$ 2,586
Due from other funds	2,128
Accounts receivable	339
Other assets	<u>273</u>
Total assets	<u>5,326</u>
Liabilities:	
Current liabilities:	
Accounts payable	212
Due to other funds	6
Risk management claims	<u>2,759</u>
Total current liabilities	<u>2,977</u>
Noncurrent liabilities:	
Risk management claims	<u>2,330</u>
Total liabilities	<u>5,307</u>
Net Assets:	
Unrestricted	\$ <u><u>19</u></u>

The accompanying notes are an integral part of the financial statements



## TOWN OF EAST HARTFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Operating Revenues:	
Employer contributions	\$ 18,125
Charges for goods and services	3,607
Other	747
Total operating revenues	<u>22,479</u>
Operating Expenses:	
Claims	19,540
Premiums and administrative charges	2,391
Total operating expenses	<u>21,931</u>
Operating Income	548
Total Net Assets, Beginning of Year	<u>(529)</u>
Total Net Assets, End of Year	<u>\$ 19</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF EAST HARTFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from employer contributions	\$ 17,718
Cash received from charges for services	3,268
Cash received from other revenues	773
Cash paid for claims	(20,184)
Cash paid to other suppliers for services	(2,344)
Net cash used in operating activities	<u>(769)</u>
Net Decrease in Cash and Cash Equivalents	(769)
Cash and Cash Equivalents, Beginning of Year	<u>3,355</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,586</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating income	\$ <u>548</u>
Adjustments to reconcile operating income to net cash used in operating activities:	
(Increase) decrease in other assets	24
(Increase) decrease in due from other funds	(406)
(Increase) decrease in accounts receivable	(338)
Increase (decrease) in due to other funds	(1)
Increase (decrease) in accounts payable and accrued liabilities	49
Increase (decrease) in risk management claims	(645)
Total adjustments	<u>(1,317)</u>
Net Cash Used in Operating Activities	<u>\$ (769)</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF EAST HARTFORD, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

In Thousands

	<b>Pension Trust Fund</b>	<b>Retiree Benefit Trust Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Assets:			
Cash and cash equivalents	\$ 2,386	\$	\$ 1,180
Investments - mutual funds	<u>177,639</u>	<u>1,783</u>	<u>                    </u>
Total Assets	<u>180,025</u>	<u>1,783</u>	<u>\$ 1,180</u>
Liabilities:			
Accounts payable	25		\$
Due to other funds		1,385	
Due to student groups and agencies	<u>                    </u>	<u>                    </u>	<u>1,180</u>
Total Liabilities	<u>25</u>	<u>1,385</u>	<u>\$ 1,180</u>
Net Assets:			
Held in trust for pension benefits	<u>\$ 180,000</u>	<u>\$ 398</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF EAST HARTFORD, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF CHANGES IN PLAN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

	<b>Pension Trust Fund</b>	<b>Retiree Benefit Trust Fund</b>
Additions:		
Contributions:		
Employer	\$ 9,207	\$ 2,984
Plan members	3,167	2,365
Total contributions	<u>12,374</u>	<u>5,349</u>
Investment income:		
Net depreciation in fair value of investments	(6,742)	(123)
Interest and dividends	4,999	61
Total investment income	<u>(1,743)</u>	<u>(62)</u>
Less investment expense	<u>(53)</u>	
Net investment income	<u>(1,796)</u>	<u>(62)</u>
Other income		482
Total additions	<u>10,578</u>	<u>5,769</u>
Deductions:		
Benefits	17,535	5,894
Administration	174	2
Total deductions	<u>17,709</u>	<u>5,896</u>
Net Decrease	(7,131)	(127)
Net Assets Held in Trust for Pension and Retiree Benefits, Beginning of Year	<u>187,131</u>	<u>525</u>
Net Assets Held in Trust for Pension and Retiree Benefits, End of Year	<u>\$ 180,000</u>	<u>\$ 398</u>

The accompanying notes are an integral part of the financial statements

# **TOWN OF EAST HARTFORD, CONNECTICUT**

## **NOTES TO FINANCIAL STATEMENTS**

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**In Thousands**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of East Hartford, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

#### **A. Reporting Entity**

The Town was incorporated in October 1783 under the provisions of the State of Connecticut General Assembly.

In June 1929, the form of government was changed to Town Council/Council President. Under home rule, the form of government was again changed to Strong Mayor/Council in April 1968 and exists as such today. The Town provides the full range of municipal services including public safety (police, fire, emergency medical service), streets, sanitation (collection and waste disposal), health and social, recreation (parks and golf course), libraries, education, planning and zoning and general administrative services.

#### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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 funds, proprietary funds 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.

### **C. 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 financial statements. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, charges for services 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. All other revenue items are considered to be measurable and available only when cash is received.

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 Town, except those required to be accounted for in another fund.

The State and Federal Education Grants Fund accounts for education programs not included in the General Fund budget. The major source of revenue for this fund is education grants.

The Capital Improvement Fund accounts for all the financial resources including school construction grants, bonds and capital lease proceeds used to finance expenditures for capital improvement projects.

The Community Development Fund accounts for loan and grant activities associated with housing and community development. The major source of revenue for this fund is grants.

Additionally, the Town reports the following fund types:

The Internal Service Funds account for the Town's risk management program.

The Pension Trust Fund accounts for the activities of the Town's retirement system, which accumulates resources for pension benefit payments to qualified Town employees.

The Retiree Benefit Trust Fund accounts for the activities of the Town's retiree healthcare system, which accumulates resources for healthcare benefit payments to qualified Town employees.

The Agency Funds account for assets held in a custodial nature including student activity and developer escrow accounts.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property 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 customers for services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

#### **D. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

#### **E. Receivables and Payables**

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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowances are computed based on historical data.

Property taxes on all property are assessed as of October 1 prior to the beginning of the fiscal year and become legally due and payable on the following July 1 and January 1. If taxes are unpaid as of June 30 following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value. Property taxes receivable are recorded on the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of 1-1/2% per month. The Town is not a part of any overlapping government that assesses separate property taxes. An amount of \$334 has been established as an allowance for uncollected taxes. At June 30, 2012, this represents 13.8% of property taxes receivable.

Property tax revenue is recorded when it becomes available. Available means due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period; such time thereafter shall not exceed sixty (60) days.

## **F. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## **G. 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 activities column 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 (amount not rounded). 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.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Other improvements	20
Infrastructure	50
Vehicles	10-15
Equipment	10
Furniture and fixtures	20



## **H. Compensated Absences**

Vacation earned can be accumulated by individual employees. In addition, employees may accumulate an additional amount of unused sick leave (as determined by individual union contracts) until termination of their employment.

Holiday pay earned by fire department personnel in the current year is not paid until the following year. Certain employees having at least two years of service with the Town are eligible for longevity benefits. These benefits are earned in the current year and paid in the following year.

## **I. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

## **J. Fund Equity**

Equity in the government-wide financial statements is defined as “net assets” and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has no assets under restriction.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of other governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority, East Hartford Town Council.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Town Council or department head as specified in the Town Charter.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

The Town established its General Fund budget in accordance with provisions of its Charter and the Connecticut General Statutes.

A budget for the General Fund is authorized annually by the Town Council. The Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to February 23, the Mayor submits to the Town Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- Not later than March 11, a public hearing is conducted to obtain taxpayers’ comments.
- Prior to March 31, the budget is legally enacted through passage of an ordinance.
- Prior to April 15, referendum petitions on the budget can be filed with the Town Clerk. Once these petitions are certified by the Town Clerk, the Town Council sets a referendum date.

- During the middle of April, a referendum on the budget is held and within five days the Town Council adopts the final budget.
- Under the Town Charter, no department or board may involve the Town in any obligation to spend money for any purpose in excess of the amount appropriated. However, upon approval of the Director of Finance and the Mayor, transfers from one budgetary line item to another may be made within a department, and notification is subsequently given to the legislative body. In addition, the Council may, by resolution, transfer monies from the contingency account to other line items during the first nine months of the fiscal year and may transfer from any account except the debt service line item within the General Fund during the last three months of the fiscal year. Additional appropriations made during the year amounted to \$2,000,000 from undesignated fund balance. Appropriations lapse at year end, except appropriations for capital projects that continue until completion of the applicable project.

The budget is administered on a modified accrual basis of accounting except for encumbrances. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year.

Encumbrances are reported in the governmental funds in accordance with accounting principles generally accepted in the United States of America. Open encumbrances are reported as either restricted, committed or assigned fund balance depending on the level of restriction. The commitments will be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities.

## **B. Deficit Fund Equity**

Internal Service Funds:  
Workers' Compensation

Deficit will be reduced in future years when additional revenues are realized or the General Fund appropriates and transfers funds.

## **3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

## Deposits

*Deposit Custodial Credit Risk* - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town's credit risk is mitigated by requiring pre-qualification of financial institutions and by monitoring the credit worthiness of any depository used by the Town. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$9,188 of the Town's bank balance of \$10,686 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,262
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>926</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 9,188</u></u>

## Cash Equivalents

At June 30, 2012, the Town's cash equivalents amounted to \$21,351. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than 90 days.

	<b><u>Standard &amp; Poor's</u></b>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management - Connecticut CLASS Plus	AAAm
Charles Schwab Money Market*	
Aetna Disbursement Payment Account*	

\*Not rated

## Investments

As of June 30, 2012, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
U.S. Government obligations	AAA	\$ 82	\$ -	\$ -	\$ 82
Other investments:					
Mutual funds	N/A	179,672			
Total Investments		\$ 179,754			

N/A Not applicable

*Interest Rate Risk* - The Town's general investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates. The Town primarily invests general funds in short-term securities unless it is anticipated that long-term securities can be held to maturity without jeopardizing liquidity requirements. The Town's Retirement Board investment policy for the Town's Pension Trust investments assumes a three- to five-year holding period based on a required minimum annual rate of return of 8.5%.

*Credit Risk - Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The Town's Retirement Board investment policy limits the Town's Pension Trust investment choices. The investment policy for Pension Trust investments specifically permits investments in individual marketable securities or packages products in the following categories: cash and cash equivalents, fixed income - domestic bonds (investment grade), fixed income - non-U.S. bonds (investment grade), equities - U.S., equities - non-U.S., equities - emerging markets, and equities - REITS. Prohibited asset classes and/or security types are listed in the policy. All of the Town's investments are invested in various pooled accounts and mutual funds that have not been rated by nationally recognized statistical rating organizations.

*Concentration of Credit Risk* - The Town's general investment policy requires the diversification of investment instruments to avoid incurring unreasonable risks. Percentages of portfolio limitations are included in the policy. The Town's Retirement Board investment policy provides targeted general asset allocation guidelines. Should the general asset allocation exceed a variance of 10% from the target allocation, rebalancing of the portfolio is required. The Town's Retirement Board investment policy does specifically restrict investments in any one issuer.

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town's Retirement Board investment policy requires its investment manager to be registered with the Securities and Exchange Commission and to manage the investments in accordance with State and Federal law and the Uniform Prudent Investor Act. The Town's investments, excluding U.S. government obligations, are held in open-end mutual funds which, because they are pooled investments rather than separate identifiable securities, are not subject to custodial risk determination.

#### 4. RECEIVABLES

Receivables as of year end for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>State and Federal Education Grants</u>	<u>Capital Improvement Fund</u>	<u>Community Development Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 4,614	\$	\$	\$	\$	\$ 4,614
Accrued interest	1,056					1,056
Intergovernmental	2,792	305	34	116	1,182	4,429
Accounts	1,078				679	1,757
Loans and accrued interest on loans				1,195		1,195
Gross receivables	<u>9,540</u>	<u>305</u>	<u>34</u>	<u>1,311</u>	<u>1,861</u>	<u>13,051</u>
Less allowance for uncollectibles:						
Taxes	(334)					(334)
Accrued interest on taxes	(99)					(99)
Accounts	<u>(517)</u>				<u>(51)</u>	<u>(568)</u>
Total allowance	<u>(950)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51)</u>	<u>(1,001)</u>
Net Total Receivables	<u>\$ 8,590</u>	<u>\$ 305</u>	<u>\$ 34</u>	<u>\$ 1,311</u>	<u>\$ 1,810</u>	<u>\$ 12,050</u>

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 2,977	\$	\$ 2,977
Accrued interest on delinquent property taxes	957		957
Advance tax collections		5,120	5,120
State and Federal Education Grants Fund:			
Unearned grant revenue		462	462
Community Development Fund:			
Housing loans and interest	1,195		1,195
Nonmajor funds:			
Advance program fee collections		185	185
Grant drawdowns prior to meeting all eligibility requirements		439	439
Other deferred receivables	<u>289</u>		<u>289</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 5,418</u>	<u>\$ 6,206</u>	<u>\$ 11,624</u>

## 5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,952	\$	\$	\$ 11,952
Construction in progress	<u>21,536</u>	<u>4,047</u>	<u>6,472</u>	<u>19,111</u>
Total capital assets not being depreciated	<u>33,488</u>	<u>4,047</u>	<u>6,472</u>	<u>31,063</u>
Capital assets being depreciated:				
Buildings and improvements	124,181	6,472	79	130,574
Furniture, fixtures, vehicles and equipment	27,226	1,025	453	27,798
Infrastructure	<u>118,452</u>			<u>118,452</u>
Total capital assets being depreciated	<u>269,859</u>	<u>7,497</u>	<u>532</u>	<u>276,824</u>
Less accumulated depreciation for:				
Buildings and improvements	46,160	3,263		49,423
Furniture, fixtures, vehicles and equipment	19,569	1,340	393	20,516
Infrastructure	<u>62,224</u>	<u>2,190</u>		<u>64,414</u>
Total accumulated depreciation	<u>127,953</u>	<u>6,793</u>	<u>393</u>	<u>134,353</u>
Total capital assets being depreciated, net	<u>141,906</u>	<u>704</u>	<u>139</u>	<u>142,471</u>
Governmental Activities Capital Assets, Net	\$ <u>175,394</u>	\$ <u>4,751</u>	\$ <u>6,611</u>	\$ <u>173,534</u>

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

Governmental activities:	
General government	\$ 475
Public safety	973
Public works	2,940
Parks and recreation	217
Health and social services	15
Education	<u>2,173</u>
Total Depreciation Expense - Governmental Activities	\$ <u>6,793</u>



## Construction Commitments

The Town has the following active construction projects as of June 30, 2012. At year end the Town's projects and commitments with contractors are as follows:

<u>Project Series</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Balance June 30, 2012</u>
2010 Authorization	\$ 10,000	\$ 3,321	\$ 5,903	\$ 776
2008 Authorization	14,835	10,851	360	3,624
2007 Authorization	21,000	12,180	979	7,841
2006 Authorization	17,584	16,762	347	475
2002 Authorization	11,640	11,344		296
Main & School Street Projects	2,260	1,639	251	370
Capital and Nonrecurring	935	882		53
Capital leases	12,637	11,707	18	912
Total	\$ <u>90,891</u>	\$ <u>68,686</u>	\$ <u>7,858</u>	\$ <u>14,347</u>

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through one fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. The General Fund provides for working capital advances to/from other funds. A summary of interfund balances as of June 30, 2012 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Fund	\$ 76
	Capital Improvements	659
	Nonmajor Governmental Funds	226
	Internal Service Fund	6
	Other Post Employment Benefit Fund	1,385
		<u>2,352</u>
Capital Improvement Fund	General Fund	4,330
Nonmajor Governmental Funds	General Fund	953
Internal Service Fund	General Fund	<u>2,128</u>
Total		\$ <u>9,763</u>

A summary of interfund transfers is presented below:

	<b>Transfers In</b>			<b>Total Transfers Out</b>
	<b>General Fund</b>	<b>Capital Improvements</b>	<b>Nonmajor Governmental</b>	
Transfers out:				
General Fund	\$	\$ 765	\$ 32	\$ 797
Capital Improvements	184			184
Nonmajor governmental	<u>322</u>			<u>322</u>
Total Transfers In	<u>\$ 506</u>	<u>\$ 765</u>	<u>\$ 32</u>	<u>\$ 1,303</u>

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental Activities:					
General obligation bonds	\$ 41,225	\$ 16,280	\$ 11,640	\$ 45,865	\$ 6,280
Premium on refunding bonds	393	193	75	511	
Less deferred amounts on refunding	<u>(176)</u>	<u>(11)</u>	<u>(30)</u>	<u>(157)</u>	
Total bonds payable	<u>41,442</u>	<u>16,462</u>	<u>11,685</u>	<u>46,219</u>	<u>6,280</u>
Capital leases	15,306	813	1,616	14,503	1,778
Landfill postclosure monitoring	428		68	360	18
Compensated absences	16,139	4,428	4,736	15,831	4,736
Retirement obligations	201	415	437	179	
Net OPEB obligation	21,794	6,618		28,412	
Net pension obligation	1,390	34		1,424	
Risk management claims	<u>5,734</u>	<u>18,895</u>	<u>19,540</u>	<u>5,089</u>	<u>2,759</u>
Governmental Activities Long-Term Liabilities	<u>\$ 102,434</u>	<u>\$ 47,665</u>	<u>\$ 38,082</u>	<u>\$ 112,017</u>	<u>\$ 15,571</u>

The risk management claims accounted for in the Internal Service Funds are reported in the long-term liabilities as part of the above totals for governmental activities. All long-term liabilities are generally liquidated by the General Fund.

Bonds payable at June 30, 2012 are comprised of the following individual issues:

<b>Description</b>	<b>Interest Rate %</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Original Amount</b>	<b>Outstanding June 30, 2012</b>
Refunding - partial refunding of issue dated 5/1/02	2.000 - 5.250	4/1/2003	5/1/2015	\$ 9,470	\$ 5,100
General purpose and school improvements	3.125 - 5.000	6/1/2008	6/1/2028	14,000	10,775
Refunding - issues dated 5/1/03	3.000 - 5.000	9/15/2009	5/1/2023	8,370	6,250
General purpose and school improvements	2.000 - 3.250	12/15/2009	12/15/2019	8,675	7,925
General purpose	2.000 - 5.000	7/1/2011	7/1/2021	11,000	11,000
General purpose and school improvements	2.000 - 3.000	7/1/2011	7/1/2015	5,280	4,815
Total				\$	<u>45,865</u>

The annual requirements to amortize bonds payable as of June 30, 2012 are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 6,280	\$ 1,539	\$ 7,819
2014	6,730	1,323	8,053
2015	6,810	1,095	7,905
2016	4,175	870	5,045
2017	4,080	745	4,825
2018-2022	15,315	1,819	17,134
2023-2027	2,150	296	2,446
2028	325	14	339
Total	<u>\$ 45,865</u>	<u>\$ 7,701</u>	<u>\$ 53,566</u>

### **General Obligation Bonds - Issuance**

On July 1, 2011, the Town issued \$11,000 of general obligation bonds. These bonds bear interest ranging from 2.0% - 3.5% and mature on July 1, 2021.

### **General Obligation Bonds - Current Refunding**

On July 1, 2011, the Town issued \$5,280 of general obligation refunding bonds with interest rates ranging from 2% to 3%. The proceeds were used to currently refund all or a portion of the outstanding maturities of \$3,150 of the Town's Series B dated July 1, 2005 and \$2,250 of the Series B dated May 15, 2006. The net proceeds of \$5,411 (including a premium of \$193 and issuance costs of \$60 including underwriter's fees) were wire to the paying agent to pay the principal, interest and redemption premium of the refunded bonds. As a result, the Series 2005 and Series 2006 general obligation bonds, or a portion thereof, are considered defeased and the liability for those bonds has been removed from the statement of net assets. The refunding will reduce total debt service payments over the next 5 years by approximately \$313 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$265.

Bonds authorized/unissued for which bonds or notes are outstanding are as follows:

<b>Description</b>	<b>Authorized</b>	<b>Grants Received</b>	<b>Bonds Issued/ Paydowns</b>	<b>Authorized Unissued</b>
Public Safety Complex - BOE Maintenance Facility and Offices	\$ 29,526	\$ 2,539	\$ 26,421	\$ 566
East Hartford Middle School Improvements	5,731	2,445	3,226	60
East Hartford High School Renovations and Improvements	11,640	7,184	4,100	356
Fire Station/Masonry Restoration at Town Hall/Roof Replacement at Cultural and Community Center	7,400	3,660	2,900	840
Road Improvements 2010	10,000		3,000	7,000
Various BOE Improvements	2,735	1,830	900	5
Raymond Library Improvements	2,100			2,100
Flood Control System Improve 2010	7,000			7,000
Total	<u>\$ 76,132</u>	<u>\$ 17,658</u>	<u>\$ 40,547</u>	<u>\$ 17,927</u>

The Town's indebtedness (\$99,841) does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

<b>Category</b>	<b>Debt Limit</b>	<b>Net Indebtedness</b>	<b>Balance</b>
General purpose	\$ 240,291	\$ 60,879	\$ 179,412
Schools	480,582	2,839	477,743
Sewers	400,485	48,274	352,211
Urban renewal	347,087	74	347,013
Pension deficit	320,388		320,388

The total overall statutory debt limitation for the Town is equal to seven times annual receipts from taxation (\$747,572).

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which debt is issued and outstanding.

### **Capital Leases**

The Town has entered into multi-year capital leases for the purchase of various capital items including public works equipment, vehicles and computer hardware and software.

The assets acquired through capital leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 2,433
2014	2,105
2015	2,079
2016	1,951
2017	1,458
Thereafter	<u>8,909</u>
Total minimum lease payments	18,935
Less amount representing interest	<u>(4,432)</u>
Present Value of Minimum Lease Payments	<u>\$ 14,503</u>

The net book value approximates the capital lease principal balance payable at June 30, 2012.

Principal payments for 2011-2012 were \$1,616. The following is a summary of capital lease commitments as of June 30, 2012:

Asset class:	
Building improvements	\$ 12,407
Vehicles	6,537
Equipment	3,477
Furniture	<u>275</u>
Total gross value	22,696
Less accumulated depreciation	<u>(8,193)</u>
Net Book Value	<u>\$ 14,503</u>

### **Landfill Closure**

The Town completed the capping of its landfill under a consent order issued by the State of Connecticut Department of Environmental Protection (DEP) requiring the Town to close and cap the landfill. Solid waste landfill closure and postclosure care requirements have been established by the DEP. The Town began its postclosure monitoring period during fiscal year 2003. The costs associated with monitoring and maintaining the landfill area during the postclosure period is the responsibility of the Town and will be paid by the General Fund. The estimated costs to perform the monitoring requirements during a projected 30-year monitoring period are \$360. These estimates are subject to change due to inflation, changes in regulations or if environmental problems are identified during postclosure monitoring period. None of these costs are expected to be paid from current available resources.

### **Compensated Absences**

Employees can accumulate additional amounts of unused vacation and sick leave, and earn compensatory time (as determined by individual union contracts) until termination of their employment. At termination, pay-out provisions as determined by individual union contract provides for payments to vested employees.

The following is a summary of management's estimate of the vested and nonvested potential liability for lump-sum payments to employees as of June 30, 2012:

Vested:		
Sick	\$	6,556
Vacation		2,493
Compensatory		603
Nonvested:		
Sick		<u>6,179</u>
Total	\$	<u><u>15,831</u></u>

\* Based on estimated percentage of total nonvested obligation that potentially will vest in future years.

### **Retirement Obligations**

Board of Education retirement obligations in the amount of \$179 consist of amounts due to employees, payable upon retirement, representing deferred commitments awarded to employees in 1992 in lieu of receiving raises for that year.

## **8. OPERATING LEASE**

In September 2007, the Town entered into a 10-year operating lease with a company to manage the operations of the Town's golf course. The initial term of the contract was effective December 1, 2007 and provides for payment to the Town of \$140 per year in each of the first five years of the lease and \$150 per year in years six through ten. Lease extension provisions are provided for in the lease agreement.

## 9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2012 are as follows:

		<b>Major Special Revenue Fund</b>				
		<b>State and Federal Education Grants Fund</b>	<b>Capital Improvement Fund</b>	<b>Community Development Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
	<b>General Fund</b>					
Fund balances:						
Nonspendable:						
Endowment	\$	\$	\$	\$	\$ 190	\$ 190
Restricted for:						
Grants		217	34	116	612	979
Donations					260	260
Committed to:						
Capital projects			4,735			4,735
Parks and recreation					323	323
Health and social services					19	19
Education					89	89
Assigned to:						
General government	119					119
Public safety	56					56
Public works	160					160
Parks and recreation	16					16
Education	906					906
Unassigned	<u>13,954</u>	<u></u>	<u>(1,358)</u>	<u>(109)</u>	<u>(68)</u>	<u>12,419</u>
Total Fund Balances	\$ <u>15,211</u>	\$ <u>217</u>	\$ <u>3,411</u>	\$ <u>7</u>	\$ <u>1,425</u>	\$ <u>20,271</u>

Significant encumbrances at June 30, 2012 are contained in the above table in the restricted or assigned category of the General Fund and Capital Improvement Fund.

## 10. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Town has chosen to retain the risks for workers' compensation through a Workers' Compensation Fund, employee health and medical claims (Health Benefits Fund) and general and auto liability claims (General Liability Fund). These funds are reported as Internal Service Funds. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. Various Town funds contribute to the self-insurance funds based on estimates made using historical data. The Town contracted with outside organizations to pay claims and provide administrative services. Additionally, stop-loss insurance coverage has been purchased to limit the Town's liability for health and medical claims. A claims liability of \$2,640 for the Workers' Compensation Fund, reported at June 30, 2012, is based on a summary report of outstanding liabilities for workers compensation and heart and hypertension claims. The claims liability of \$1,296 for the Health Benefits Fund, reported at June 30, 2012, is based on estimated claims incurred but not reported. A claims liability of \$1,153 for the General Liability Fund, reported at June 30, 2012, is based on a summary loss report of outstanding liabilities by coverage. The changes in the claims liability were as follows:

<u>Fiscal Year</u>	<u>Accrued Liability Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Accrued Liability Claim Payments</u>	<u>Accrued Liability End of Fiscal Year</u>
2011-12	\$ 5,734	\$ 18,895	\$ 19,540	\$ 5,089
2010-11	5,361	19,680	19,307	5,734

## 11. OVERLAPPING DEBT

The Town is a member of the Metropolitan District (a quasi-municipal corporation that provides water supply, sewerage collection and disposal facilities for members). Member towns are assessed a percentage of the Metropolitan District's net outstanding debt. As such, the Town's overlapping share of debt issued by the Metropolitan District is \$48,274 as of June 30, 2012.

## 12. POST EMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN

### Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the Retiree Health Plan (RHP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the Town.

Investments are reported at fair value. Investment income is recognized as earned.



## Plan Description

The RHP is a single-employer defined benefit healthcare plan administered by the Town. The RHP provides medical, dental and life insurance benefits to eligible retirees and their spouses. All employees of the Town are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the various unions representing the employees.

The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Retiree Benefit Trust Fund. The plan does not issue a stand-alone financial report.

At July 1, 2009, plan membership consisted of the following:

	<b>Retiree Health Plan</b> <i>(not rounded)</i>
Retired members and spouses	1,189
Active plan members	<u>1,357</u>
Total Participants	<u><u>2,546</u></u>

## Funding Policy

The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

### Town Employees (not rounded)

The cost per month for Town employees receiving medical coverage under Anthem or ConnectiCare is \$626 per month for retiree only coverage and \$1,252 per month for retiree and spouse coverage to age 65, and \$169 and \$338 per month, respectively, thereafter.

### Board of Education Employees (not rounded)

The cost per month for Board of Education employees receiving medical coverage under Anthem or ConnectiCare is \$553 per month for retiree only coverage and \$1,106 per month for retiree and spouse coverage to age 65, and \$553 and \$1,106 per month, respectively, thereafter. The cost per month for Board of Education employees receiving dental coverage under Anthem is \$43 per month for retiree only coverage and \$113 per month for retiree and spouse coverage.

For the year ended June 30, 2012, plan members contributed \$2,365. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

Employer contributions to the plan of \$4,666 were made in accordance with actuarially determined requirements, which represent premium payments.

## Annual OPEB Cost and Net OPEB Obligations

The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

		<b>Other Post Employment Benefits (OPEB)</b>
Annual required contribution (ARC)	\$	11,284
Interest on net OPEB obligation		872
Adjustment to annual required contribution		(872)
Annual OPEB cost		11,284
Contributions made		4,666
Increase in net OPEB obligation		6,618
Net OPEB obligation, beginning of year		21,794
Net OPEB Obligation, End of Year	\$	28,412

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2012, 2011, and 2010 are presented below.

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
6/30/10	\$ 11,218	\$ 6,285	56.0 %	\$ 15,261
6/30/11	10,880	4,347	40.0	21,794
6/30/12	11,284	4,666	41.4	28,412

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date.

An annual healthcare cost trend rate of 6.7% is used initially, decreasing 3% per year to an ultimate rate of 4.7% for 2012 and later. The remaining amortization period at July 1, 2009 was 29 years, closed.

The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Data is only presented beginning with July 1, 2007 due to this being the first valuation.

<b>Schedule of Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability(AAL) (b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UFAL as a % of Covered Payroll ((b-a)/c)</b>	
7/1/2007	\$ -	\$ 128,765	- %	N/A	N/A	
7/1/2009	2,404	129,899	1.85	N/A	N/A	

#### **Schedule of Employer Contributions**

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/10	\$ 11,189	56.2 %
6/30/11	10,857	40.0
6/30/12	11,284	41.4

### **13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

#### **East Hartford Retirement System Fund**

##### **A. Plan Description**

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established by the Town to provide pension benefits for its employees. The Public Employee Retirement System was enacted by Special Act of the Connecticut Legislature. The plan is managed by a retirement board consisting of five members. The board serves as trustee of the funds and shall determine contributions payable by the Town in accordance with sound actuarial principles. There are no stand-alone financial statements issued for the PERS. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund.

The Town of East Hartford Retirement System covers all full-time police, firefighter and general employees of the Town and full-time paraprofessionals and noncertified employees of the Board of Education hired prior to December 31, 2005 and only police, firefighter, paraprofessionals and dispatchers hired after December 31, 2005. The Town provides all retirement, death and disability benefits through a single-employer, contributory, defined benefit plan. Firefighters and police officers are 100% vested after 15 years of service. Dispatchers are 100% vested after 5 years of service. All other participants in the plan are 100% vested after 10 years of service. Firefighters and police officers who retire at normal retirement (25 years of service regardless of age, or age 65 with the completion of 15 years of service) receive a benefit of 2.5% of final average salary per year of service to a maximum of 75% of final average salary. Paraprofessional employees who retire at normal retirement (attainment of age 65 and completion of 10 years of service; attainment of age 62 and completion of 25 years of service; the latter of age 65 or 5 years of participation in the plan; or the Rule of 85) receive a benefit of 2.2% of the employee's final average salary multiplied by the number of years and full months of credited service, not to exceed 70% of the employee's final average salary. Dispatchers who retire at normal retirement (attainment of age 65 and completion of 5 years of credited service; 25 years of credited service regardless of age; or the Rule of 75) receive a benefit of 2.2% of the employee's final average salary multiplied by the number of years and full months of credited service, not to exceed 70% of the employee's final average salary. All other participants of the plan who retire at normal retirement (the latter of age 65 and the completion of ten years of service, or the latter of age 62 and the completion of 25 years of service) receive a benefit of 2.33% of final average salary per year of service to a maximum of 70% of final average salary. Final average salary is defined as the average of salary earned during the highest 36 consecutive months of employment based upon the plan year prior to termination.

Plan benefits may be amended by the Town Council.

The membership of the plan consisted of the following at July 1, 2011, the date of the latest actuarial valuation:

Retiree, disabled and beneficiaries currently receiving benefits	600
Terminated employees entitled to benefits but not yet receiving them	14
Current employees:	
Vested	469
Nonvested	236
Inactive participants eligible for a refund of contributions	<u>75</u>
Total	<u><u>1,394</u></u>

## **B. Summary of Significant Accounting Policies, Plan Asset Matters and Plan Changes**

**Basis of Accounting:** The Town's Pension Trust Funds' financial statements are prepared on the accrual basis of accounting. Employer and employee contributions are recognized when due, pursuant to plan provisions and contractual requirements. Benefit payments and refunds are payable when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments:** Investments are valued at fair value.

**Plan Changes:** There were no plan changes made for the July 1, 2011 valuation.

**Plan Expenses:** Expenses of administering the plan are paid for by the plan.

## **C. Funding Policy**

The contribution requirements of plan members are fixed by contract and may be amended by union negotiations as approved by the Town Council.

Employee contribution requirements as a percentage of their earnings to the PERS are as follows:

General Employees	8.00 %
Firefighters	8.00
Police Officers	8.00
Paraprofessionals	6.00
Dispatchers	8.00

If an employee leaves employment before meeting the vesting requirements, accumulated employee contributions and interest are refunded. Interest on employee contributions is credited at 4% per year. The Town is required to contribute the remaining actuarially determined amount necessary to provide the benefits for its employees. The Town's current contribution percentage is 21.8% of covered payroll. The annual required contribution for the current year was determined as part of the PERS actuarial valuation dated July 1, 2011.

#### D. Annual Pension Cost and Net Pension Obligations

The Town's annual pension cost and net pension obligation to the PERS for the current year were as follows:

Annual required contribution	\$ 9,207
Interest on net pension obligation	115
Adjustment to annual required contribution	<u>(81)</u>
Annual pension cost	9,241
Contributions made	<u>9,207</u>
Increase in net pension obligation	34
Net pension obligation, beginning of year	<u>1,390</u>
Net Pension Obligation, End of Year	<u>\$ 1,424</u>

The actuarial method and assumptions used in the valuation are presented below:

Actuarial valuation date	July 1, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Payroll, 4% increases
Remaining amortization period	28 years, closed
Asset valuation method	Asset smoothing
Actuarial assumptions:	
Investment rate of return	8.25% per annum
Projected salary increases*	5%
*Includes inflation rate	3%

#### E. Trend Information

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/10	\$ 8,227	99.4 %	\$ 1,325
6/30/11	8,469	99.8	1,372
6/30/12	9,241	99.6	1,424

## F. Pension Plan Required Supplementary Information

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability(AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/01/06	\$ 166,999	\$ 217,546	\$ 50,547	76.8 %	\$ 41,609	121.5 %
7/01/07	178,467	227,288	48,821	78.5	41,759	116.9
7/01/08	183,323	238,447	55,124	76.9	42,000	131.2
7/01/09	170,923	250,682	79,759	68.2	41,056	194.3
7/01/10	173,764	261,204	87,440	66.5	41,404	211.2
7/01/11	181,960	269,047	87,087	67.6	42,374	205.5

### Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Amount Contributed	Percentage Contributed
6/30/07	\$ 6,496	\$ 6,759	104 %
6/30/08	7,147	7,176	100
6/30/09	7,407	7,407	100
6/30/10	8,189	8,180	100
6/30/11	8,434	8,451	100
6/30/12	9,207	9,207	100

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is presented in Section D above.

## G. Teacher Retirement

All Town of East Hartford Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System, a cost sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$48,538.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2012, the Town has recorded in the General Fund (Exhibit IV) intergovernmental revenue schools and schools expenditures in the amount of \$10,074 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

The State of Connecticut Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

## **15. COMMITMENTS AND CONTINGENCIES**

The Town of East Hartford is located on the eastern bank of the Connecticut River, a major tributary to the Long Island Sound and the Atlantic Ocean. After extensive flooding caused by the Hurricane of 1938, the Army Corps of Engineers assisted the Town in the construction of an earthen dike system, including pumping stations, to protect the town from flooding in the future.

As a result of the Hurricane Katrina natural disaster in 2005, the Army Corps of Engineers developed new, more comprehensive maintenance standards for all flood control systems. When the new standards were applied to the Town's system, deficiencies were discovered. As a result, the Army Corps has directed the Town to address and repair all deficiencies in an effort to provide maximum protection for residents.

In response to the Army Corps of Engineer's directives, the Town, since 2007, has been systematically addressing necessary repairs and corrections to the levee system including pile driven steel sheeting to further stabilize the earthen dike. A host of maintenance on pump station roofs, doors, windows, and masonry has also been completed.

Additional work remains to be completed and includes new pumps, water gates and the removal of sediment build-up in the retention pond off Pitkin Street. New toe drains to replace broken, sediment filled or disconnected toe drains need to be installed to keep the land side of the levee dry to prevent impairment to the earthen structure.

In order to fund the repairs directed by the Army Corps to prevent the decertification of our flood control system, Town voters, in November of 2007 and again in November of 2011, approved two individual \$7,000 bond authorizations to provide funding for the estimated cost of repairs.

To date, the Town has expended \$14,000 on required improvements, including the \$7,000 bond approved by voters in 2007 that was coupled with \$7,000 secured in State grant reimbursement by way of the Connecticut State Department of Environmental Protection. The \$7,000 voter authorization in 2011 will also be directed to repairs beginning in the spring of 2012, bringing the total spent on the project to \$21,000.

Engineers are currently working on the final list of repair items. A total cost of the repairs has been estimated at \$26,000 but final costs will not be known until all work is competitively bid and awarded. The Town is actively pursuing project cost assistance both at the State and Federal levels to complete the work.



## **Landfill Remediation**

In 2003, the Town completed the closure and capping of the municipal landfill. Subsequently, two pockets of contamination above acceptable levels have been identified in the Town's municipal landfill along the Hockanum River in the vicinity of the Eastern Landform. Risk assessments have been conducted along with a final round of sampling to determine the scope of the remediation project. Meetings were then held with DEP as well as the United States Environmental Protection Agency, and a work plan was developed for the purpose of determining the extent of contamination in the soil as well as to complete a final remediation plan.

With those meetings completed and a final remediation plan in place, the Town will competitively bid the remediation work to be completed. Bidding, contracting, remediation and clean up is ongoing. Based on the estimated cost of the remediation provided to the Town by its environmental engineering firm, management does not believe that the costs of remediation will not have a material effect on the financial statements.

## **16. LITIGATION**

During the normal course of business, claims against the Town arise from personal injury suits, contract disputes, property damage claims and other normal type claims related to a municipality.

It is the opinion of the Town Attorney that the ultimate liability of the Town for these cases currently pending will not have a material adverse affect upon the Town's financial position.

During 2009, a personal property settlement was assessed against the Town by a manufacturing company. The settlement stipulated that the Town of East Hartford refund personal property taxes in the amount of \$4,000 in 36 bi-annual credits commencing with the property tax bills due July 1, 2009, and ending with the property tax bills due January 1, 2027. The first 35 credits each will be in the amount of \$113. The final credit, to be provided as of January 1, 2027, will be in the amount of \$63.

## **Required Supplementary Information**

## TOWN OF EAST HARTFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General property taxes:				
Current tax levy	\$ 103,153	\$ 103,153	\$ 104,403	\$ 1,250
Prior years levy	1,250	1,250	1,828	578
Interest and liens	1,000	1,000	1,264	264
Total	<u>105,403</u>	<u>105,403</u>	<u>107,495</u>	<u>2,092</u>
Licenses and permits:				
Sporting	1	1		(1)
Protective	13	13	17	4
Amusement	2	2	2	-
Building structures and equipment	1,100	1,100	1,940	840
Street privilege and use	8	8	10	2
Health	70	70	70	-
Other licenses and fees	98	98	92	(6)
Total	<u>1,292</u>	<u>1,292</u>	<u>2,131</u>	<u>839</u>
Intergovernmental revenues:				
Pilot/Economic Development	50	50	54	4
Housing in lieu of taxes - State	65	65	107	42
Pilot - State Property	627	627	648	21
Boat registration	19	19		(19)
New manufacturers machinery	2,900	2,900		(2,900)
Distressed Municipalities			95	95
Housing in lieu of taxes - Federal	50	50	82	32
State relief - circuit breaker	375	375	385	10
Elderly taxes	6	6	6	-
Disability exemptions	10	10	10	-
Veterans exemptions	40	40	38	(2)
Abandoned motor vehicles	1	1	2	1
Education cost sharing	41,711	41,711	41,787	76
Pequot funds	302	302	310	8
Special education	2,380	2,380	1,755	(625)
Health and welfare	60	60	27	(33)
Services to Blind	60	60		(60)
Transportation	479	479	536	57
Revenue sharing			3,530	3,530
Retail sales	485	485	597	112
Room sharing	67	67	67	-
School grants board of education			4	4
UMTA	13	13	13	-
Youth Services	39	39	39	-
Total	<u>49,739</u>	<u>49,739</u>	<u>50,092</u>	<u>353</u>
Charges for services:				
Town Clerk	895	895	632	(263)
Public Safety	566	566	456	(110)
Public Works	155	155	137	(18)
Libraries	19	19	20	1
Recreation	87	87	82	(5)
Cemeteries	165	165	173	8
Total	<u>1,887</u>	<u>1,887</u>	<u>1,500</u>	<u>(387)</u>

(Continued on next page)

## TOWN OF EAST HARTFORD, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2012**

**In Thousands**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Use of money:				
Interest from investments	\$ 50	\$ 50	\$ 33	\$ (17)
Fines and forfeits:				
Traffic tags and motor vehicle fines	70	70	60	(10)
Other revenue:				
In lieu of taxes/telephone	144	144	144	-
Rentals	210	210	194	(16)
Compensation and insurance refunds	70	70	117	47
Miscellaneous	939	939	263	(676)
Total	<u>1,363</u>	<u>1,363</u>	<u>718</u>	<u>(645)</u>
Total revenues	<u>159,804</u>	<u>159,804</u>	<u>162,029</u>	<u>2,225</u>
Other financing sources:				
Transfers in:				
Capital Improvement Fund	10	10	5	(5)
Nonmajor funds	<u>315</u>	<u>315</u>	<u>501</u>	<u>186</u>
Total other financing sources	<u>325</u>	<u>325</u>	<u>506</u>	<u>181</u>
Total	\$ <u>160,129</u>	\$ <u>160,129</u>	162,535	\$ <u>2,406</u>

Budgetary revenues are different than GAAP revenues because:

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

10,074

Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for GAAP financial reporting purposes.

(22)

Refunding bonds issued

5,280

Premium on refunding bonds issued

193

The Board of Education does not budget for a combination of intergovernmental grants, charges for services and other revenue amounts received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.

6,537

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues,

Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 184,597

## TOWN OF EAST HARTFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
Town Council	\$ 155	\$ 150	\$ 140	\$ 10
Town Clerk	254	249	233	16
Registrar	92	137	131	6
Selectmen	2	2	2	-
Mayor's Office	319	329	321	8
Corporation Counsel	313	365	364	1
Personnel	253	203	182	21
Libraries	1,146	1,126	1,100	26
Probate	30	30	11	19
Youth services	375	375	372	3
Grants administration	113	88	81	7
Finance administration	103	372	366	6
Accounts and control	297	313	311	2
Data processing	1,856	1,033	1,018	15
Purchasing	248	248	228	20
Treasury	4	4	4	-
Assessing	439	448	443	5
Revenue and collections	353	350	323	27
Employee benefits	19,029	20,043	19,958	85
Risk management	281	1,031	1,019	12
Development	225	225	220	5
Economic development	25	25	22	3
Planning and Zoning	10	10	7	3
Inland Wetlands	6	6	4	2
Redevelopment Agency	2	2	1	1
Z.B.A.	5	5	3	2
Boards, committees and commissions	40	41	28	13
M.D.C.	3,922	3,900	3,876	24
Contingency	258	3		3
Total general government	30,155	31,113	30,768	345
Public safety:				
Police:				
Administration	10,756	11,469	11,431	38
Operations	557	30	23	7
Criminal investigation	118	9	8	1
Communications	1,468	1,492	1,492	-
Total police	12,899	13,000	12,954	46
Fire:				
Administration	427	582	566	16
Fire suppression	9,687	10,181	10,141	40
Fire Marshal	387	392	389	3
Fire apparatus maintenance	391	408	374	34
Fire alarm maintenance	266	276	261	15
Emergency medical services	508	518	482	36
Emergency management	76	87	81	6
Training	155	152	143	9
Total fire	11,897	12,596	12,437	159
Total public safety	24,796	25,596	25,391	205
Inspections and permits	662	646	641	5

(Continued on next page)

## TOWN OF EAST HARTFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Public works:				
Administration	\$ 228	\$ 235	\$ 219	\$ 16
Engineering	563	498	494	4
Highway services	2,573	2,538	2,483	55
Waste services	2,404	2,331	2,311	20
Fleet services	1,512	1,476	1,427	49
Building maintenance	1,188	1,398	1,347	51
Public Safety Complex	217	230	204	26
Total public works	<u>8,685</u>	<u>8,706</u>	<u>8,485</u>	<u>221</u>
Parks and recreation:				
Administration	928	895	876	19
Maintenance	1,423	1,428	1,405	23
Park other facilities	312	278	270	8
Fine arts	23	23	23	-
Total parks and recreation	<u>2,686</u>	<u>2,624</u>	<u>2,574</u>	<u>50</u>
Health and social services:				
Administration	103	103	102	1
Community health and nursing	138	119	114	5
Social services	256	271	250	21
Elderly services - commissions	6	6	5	1
Elderly services	661	674	674	-
Community service persons disabilities	3	3	3	-
Environment control	230	219	214	5
Total health and social services	<u>1,397</u>	<u>1,395</u>	<u>1,362</u>	<u>33</u>
Education	<u>82,499</u>	<u>82,499</u>	<u>82,499</u>	<u>-</u>
Debt service:				
Bond principal and interest	7,895	7,838	7,837	1
Capital improvement - lease financing	1,354	1,354	1,507	(153)
Total debt service	<u>9,249</u>	<u>9,192</u>	<u>9,344</u>	<u>(152)</u>
Transfers out:				
Capital Improvement Funds		358	358	-
Special Revenue Funds			10	(10)
Total transfers out	<u>-</u>	<u>358</u>	<u>368</u>	<u>(10)</u>
Total	<u>\$ 160,129</u>	<u>\$ 162,129</u>	<u>161,432</u>	<u>\$ 697</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for

Town teachers are not budgeted. 10,074

Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for GAAP financial reporting purposes. (1,193)

Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes. 581

Payment to refunding bond escrow agent 5,411

Debt issuance costs associated with bond refundings are not budgeted. 62

The Board of Education does not budget for a combination of intergovernmental grants, charges for services and other revenue amounts received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes. 6,185

The Town does not budget for proceeds from other organizations associated with capital leases which are credited to debt service expenditures for budgetary purposes. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes. 352

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,  
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 182,904

## **Combining and Individual Fund Statements and Schedules**

**General Fund**



## **GENERAL FUND**

The General Fund is the principal fund of the Town and is used to account for all activities of the Town not included in other specific funds. The General Fund accounts for the normal recurring activities of the Town (i.e., police, fire, education, recreation, public works, general government, etc.). These activities are funded principally by property taxes on individuals and businesses, and grants from other governmental units.

## TOWN OF EAST HARTFORD, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

**JUNE 30, 2012 AND 2011**  
**In Thousands**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 23,222	\$ 19,639
Investments	250	
Receivables:		
Property taxes receivable, net	4,280	3,931
Property taxes accrued interest receivable, net	957	852
Accounts receivable, net	561	222
Due from other governments	2,792	200
Due from other funds	2,352	5,097
Other assets	<u>46</u>	<u>46</u>
Total Assets	\$ <u>34,414</u>	\$ <u>29,987</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,738	\$ 3,760
Due to other funds	7,411	2,634
Deferred revenue	<u>9,054</u>	<u>10,075</u>
Total liabilities	<u>19,203</u>	<u>16,469</u>
Fund balance:		
Assigned	1,257	668
Unassigned	<u>13,954</u>	<u>12,850</u>
Total fund balance	<u>15,211</u>	<u>13,518</u>
Total Liabilities and Fund Balance	\$ <u>34,414</u>	\$ <u>29,987</u>

## TOWN OF EAST HARTFORD, CONNECTICUT

**REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2012  
In Thousands**

Grand List Year	Uncollected Taxes July 1, 2011	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Taxes Collected	Interest	Lien Fees	Total Collected	Uncollected Taxes June 30, 2012	**
		Additions	Deductions								
2010	\$ 106,409 *	\$ 85	\$ 477	\$ 1	\$ 106,016	\$ 103,104	\$ 483	\$ 51	\$ 103,638	\$ 2,912	
2009	2,950	125	49	1	3,025	1,792	439	14	2,245	1,233	
2008	1,038	26	1	326	737	453	153	4	610	284	
2007	182	1			183	84	27	1	112	99	
2006	65	1	1		65	6	4		10	59	
2005	37				37	2	2		4	35	
2004	(6)				(6)	(7)	3		(4)	1	
2003	(10)				(10)		1		1	(10)	
2002	(23)				(23)	(1)	1		-	(22)	
2001	(7)				(7)				-	(7)	
2000	(8)				(8)				-	(8)	
1999	6				6				-	6	
1998	2				2		1		1	2	
Total	\$ <u>110,635</u>	\$ <u>238</u>	\$ <u>528</u>	\$ <u>328</u>	\$ <u>110,017</u>	\$ <u>105,433</u>	\$ <u>1,114</u>	\$ <u>70</u>	106,617	\$ <u>4,584</u>	
Suspense collections									186		
Tax overpayment balance - June 30, 2011									17		
Tax overpayment balance - June 30, 2012									<u>(30)</u>		
Total tax collections									106,790		
Property taxes receivable considered available:											
June 30, 2011									(598)		
June 30, 2012									<u>1,302</u>		
Total									\$ <u>107,494</u>		

\* Includes MVS tax levy of \$1104.

\*\*Amount represents property tax receivable of \$4,613 less overcollected balance of \$30, which is recorded as accounts payable.

**Nonmajor  
Governmental Funds**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds are established in the Town of East Hartford pursuant to State Statutes or local ordinances and resolutions. The criteria for the creation of a Special Revenue Fund are generally the desire or need to conspicuously segregate revenues, which are to be utilized for special and specific purposes, or expenditures incurred for the performance of specific activities, or both.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Redevelopment	Bonds	Operation of the South Meadows redevelopment
School Cafeteria	Sale of food and grants	School lunch and breakfast programs
WIC Fund	Federal grant	Women, Infant and Children Health Program
Youth Services	State and federal grants	Town Youth Services Department
Dog Fund	Licenses and fees	Animal control program
Town Aid Road	State grant	General town road maintenance
Special State Grant Programs	State grant	Various state funded programs
Miscellaneous Projects and Programs	Various	Miscellaneous activities
Local Capital Improvement Program	State grant	Capital improvements
Police Private Duty	Charges for services	Police services - private duty
Parks and Recreation	Charges for services	Recreational programs
Hockanum River Linear Park	State grant	Park renovations
Danahy Scholarship Fund	Trust and investment income	Scholarships to high school students
Brewer House Trust	Trust and investment income	Maintaining the Selden Brewer House
Education Scholarships Fund	Contributions	Scholarships to students
Education Fee Based Programs	Charges for services	Education programs

## TOWN OF EAST HARTFORD, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDSJUNE 30, 2012  
In Thousands

	Special Revenue						Special State Grant Programs	Miscellaneous Projects and Programs	Local Capital Improvement Program
	Redevelopment	School Cafeteria	WIC Fund	Youth Services	Dog Fund	Town Aid Road			
<b>ASSETS</b>									
Cash and cash equivalents	\$	\$ 273	\$	\$	\$	\$	\$	\$	\$
Investments									
Accounts receivable, net		545					591		42
Due from other governments									
Due from other funds	101		101	32	12	20		305	
Other assets									
Total Assets	<u>\$ 101</u>	<u>\$ 818</u>	<u>\$ 101</u>	<u>\$ 32</u>	<u>\$ 12</u>	<u>\$ 20</u>	<u>\$ 591</u>	<u>\$ 305</u>	<u>\$ 42</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$	\$ 318	\$ 2	\$ 6	\$ 12	\$	\$ 54	\$ 11	\$ 7
Due to other funds							191		35
Deferred revenue		23	99	7		20	313		
Total liabilities	<u>-</u>	<u>341</u>	<u>101</u>	<u>13</u>	<u>12</u>	<u>20</u>	<u>558</u>	<u>11</u>	<u>42</u>
Fund balances:									
Nonspendable									
Restricted		545					33	294	
Committed	101			19					
Unassigned		(68)							
Total fund balance	<u>101</u>	<u>477</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>33</u>	<u>294</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 101</u>	<u>\$ 818</u>	<u>\$ 101</u>	<u>\$ 32</u>	<u>\$ 12</u>	<u>\$ 20</u>	<u>\$ 591</u>	<u>\$ 305</u>	<u>\$ 42</u>

(Continued on next page)

## TOWN OF EAST HARTFORD, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

In Thousands

	Special Revenue							Total
	Police Private Duty	Parks and Recreation	Hockanum River Linear Park	Danahy Scholarship Fund	Brewer House Trust	Education Scholarships Fund	Education Fee Based Programs	
<b>ASSETS</b>								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$ 91	\$ 89	\$ 453
Investments				82				82
Accounts receivable, net	289							289
Due from other governments			4					1,182
Due from other funds		365			17			953
Other assets		50						50
Total Assets	\$ 289	\$ 415	\$ 4	\$ 82	\$ 17	\$ 91	\$ 89	\$ 3,009
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$	\$ 31	\$ 4	\$	\$	\$	\$	\$ 445
Due to other funds								226
Deferred revenue	289	162						913
Total liabilities	289	193	4	-	-	-	-	1,584
Fund balances:								
Nonspendable				82	17	91		190
Restricted								872
Committed		222					89	431
Unassigned								(68)
Total fund balance	-	222	-	82	17	91	89	1,425
Total Liabilities and Fund Balances	\$ 289	\$ 415	\$ 4	\$ 82	\$ 17	\$ 91	\$ 89	\$ 3,009

## TOWN OF EAST HARTFORD, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012  
In Thousands**

	Special Revenue								
	Redevelopment	School Cafeteria	WIC Fund	Youth Services	Dog Fund	Town Aid Road	Special State Grant Programs	Miscellaneous Projects and Programs	Local Capital Improvement Program
Revenues:									
Intergovernmental	\$	\$ 3,258	\$ 791	\$ 54	\$	\$ 267	\$ 1,256	\$ 19	\$ 227
Charges for services		1,345			21			319	
Investment income		11							
Miscellaneous				1			8	343	
Total revenues	-	4,614	791	55	21	267	1,264	681	227
Expenditures:									
General government							762	132	89
Public safety					12		147	283	
Public works						267	(32)		71
Parks and recreation							14	54	67
Health and social services			791	70			388	44	
Education		4,540							
Total expenditures	-	4,540	791	70	12	267	1,279	513	227
Excess (Deficiency) of Revenues over Expenditures	-	74	-	(15)	9	-	(15)	168	-
Other Financing Sources (Uses):									
Transfers in				22			10		
Transfers out					(9)		(6)	(77)	
Total other financing sources (uses)	-	-	-	22	(9)	-	4	(77)	-
Net Change in Fund Balances	-	74	-	7	-	-	(11)	91	-
Fund Balance, Beginning of Year	101	403	-	12	-	-	44	203	-
Fund Balance, End of Year	\$ 101	\$ 477	\$ -	\$ 19	\$ -	\$ -	\$ 33	\$ 294	\$ -

(Continued on next page)



## TOWN OF EAST HARTFORD, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

	Special Revenue							
	Police Private Duty	Parks and Recreation	Hockanum River Linear Park	Danahy Scholarship Fund	Brewer House Trust	Education Scholarships Fund	Education Fee Based Programs	Total
Revenues:								
Intergovernmental	\$	\$	\$ 4	\$	\$	\$	\$	\$ 5,876
Charges for services	735	394					82	2,896
Investment income				16				27
Miscellaneous						6		358
Total revenues	<u>735</u>	<u>394</u>	<u>4</u>	<u>16</u>	<u>-</u>	<u>6</u>	<u>82</u>	<u>9,157</u>
Expenditures:								
General government								983
Public safety	505							947
Public works			4					310
Parks and recreation		370			5			510
Health and social services								1,293
Education				4		15	93	4,652
Total expenditures	<u>505</u>	<u>370</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>15</u>	<u>93</u>	<u>8,695</u>
Excess (Deficiency) of Revenues over Expenditures	<u>230</u>	<u>24</u>	<u>-</u>	<u>12</u>	<u>(5)</u>	<u>(9)</u>	<u>(11)</u>	<u>462</u>
Other Financing Sources (Uses):								
Transfers in								32
Transfers out	(230)							(322)
Total other financing sources (uses)	<u>(230)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(290)</u>
Net Change in Fund Balances	-	24	-	12	(5)	(9)	(11)	172
Fund Balance, Beginning of Year	-	198	-	70	22	100	100	1,253
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 82</u>	<u>\$ 17</u>	<u>\$ 91</u>	<u>\$ 89</u>	<u>\$ 1,425</u>

## **Internal Service Funds**

## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost-reimbursement basis.

Health Benefits - A fund used to pay health insurance claims and to purchase administrative services and stop loss insurance for the health care plans. Both the Town and the Board of Education pay this fund for health insurance.

Workers' Compensation - Accounts for the receipt of General Fund contributions to fund Town and Board of Education incurred Workers' Compensation claims. Contribution amounts are based on projections from an actuarial valuation.

General Liability - To account for the receipt of General Fund contributions to fund general and auto liability claims.

## TOWN OF EAST HARTFORD, CONNECTICUT

## COMBINING STATEMENT OF NET ASSETS

## INTERNAL SERVICE FUNDS

JUNE 30, 2012

In Thousands

	<u>Health Benefits</u>	<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Total</u>
Assets:				
Current:				
Cash and cash equivalents	\$ 912	\$ 731	\$ 943	\$ 2,586
Due from other funds	1,378		750	2,128
Accounts receivable	339			339
Other assets		199	74	273
	<u>2,629</u>	<u>930</u>	<u>1,767</u>	<u>5,326</u>
Total assets				
Liabilities:				
Current liabilities:				
Accounts payable	211	1		212
Due to other funds		6		6
Risk management claims	1,296	310	1,153	2,759
Total current liabilities	<u>1,507</u>	<u>317</u>	<u>1,153</u>	<u>2,977</u>
Noncurrent liabilities:				
Risk management claims		2,330		2,330
	<u>1,507</u>	<u>2,647</u>	<u>1,153</u>	<u>5,307</u>
Total liabilities				
Net Assets:				
Unrestricted	\$ <u>1,122</u>	\$ <u>(1,717)</u>	\$ <u>614</u>	\$ <u>19</u>

## TOWN OF EAST HARTFORD, CONNECTICUT

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

## INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

	<u>Health Benefits</u>	<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Total</u>
Operating Revenues:				
Employer contributions	\$ 15,114	\$ 1,079	\$ 1,932	\$ 18,125
Charges for goods and services	3,607			3,607
Other	664	54	29	747
Total operating revenues	<u>19,385</u>	<u>1,133</u>	<u>1,961</u>	<u>22,479</u>
Operating Expenses:				
Claims	17,071	1,568	901	19,540
Premiums and administrative charges	2,324	67		2,391
Total operating expenses	<u>19,395</u>	<u>1,635</u>	<u>901</u>	<u>21,931</u>
Operating Income (Loss)	(10)	(502)	1,060	548
Total Net Assets, Beginning of Year	<u>1,132</u>	<u>(1,215)</u>	<u>(446)</u>	<u>(529)</u>
Total Net Assets, End of Year	<u>\$ 1,122</u>	<u>\$ (1,717)</u>	<u>\$ 614</u>	<u>\$ 19</u>

## TOWN OF EAST HARTFORD, CONNECTICUT

## COMBINING STATEMENT OF CASH FLOWS

## INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

	<u>Health Benefits</u>	<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash received from employer contributions	\$ 15,458	\$ 1,084	\$ 1,176	\$ 17,718
Cash received from charges for services	3,268			3,268
Cash received from other revenues	664	54	55	773
Cash paid for claims	(17,590)	(1,678)	(916)	(20,184)
Cash paid to other suppliers for services	(2,277)	(67)		(2,344)
Net cash provided by (used in) operating activities	<u>(477)</u>	<u>(607)</u>	<u>315</u>	<u>(769)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(477)	(607)	315	(769)
Cash and Cash Equivalents, Beginning of Year	<u>1,389</u>	<u>1,338</u>	<u>628</u>	<u>3,355</u>
Cash and Cash Equivalents, End of Year	<u>\$ 912</u>	<u>\$ 731</u>	<u>\$ 943</u>	<u>\$ 2,586</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ <u>(10)</u>	\$ <u>(502)</u>	\$ <u>1,060</u>	\$ <u>548</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in other assets			24	24
(Increase) decrease in due from other funds	344		(750)	(406)
(Increase) decrease in accounts receivable	(338)			(338)
Increase (decrease) in due to other funds		5	(6)	(1)
Increase (decrease) in accounts payable	47		2	49
Increase (decrease) in risk management claims	(520)	(110)	(15)	(645)
Total adjustments	<u>(467)</u>	<u>(105)</u>	<u>(745)</u>	<u>(1,317)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (477)</u>	<u>\$ (607)</u>	<u>\$ 315</u>	<u>\$ (769)</u>

**Fiduciary Funds**

## **FIDUCIARY FUNDS**

### **Agency Funds**

Student Activity Fund - to account for the collection and payment of expenses for education extra-curricular activities at the high school, middle school and elementary schools.

Developers' Escrow Fund - to account for cash deposits required by various agencies.

Flexible Spending Plan - to account for the employees' tax savings plan for health and welfare costs.



## TOWN OF EAST HARTFORD, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Student Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>219</u>	\$ <u>656</u>	\$ <u>697</u>	\$ <u>178</u>
Liabilities:				
Due to student groups	\$ <u>219</u>	\$ <u>656</u>	\$ <u>697</u>	\$ <u>178</u>
<b>Developers' Escrow Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>807</u>	\$ <u>428</u>	\$ <u>255</u>	\$ <u>980</u>
Liabilities:				
Due to agencies	\$ <u>807</u>	\$ <u>428</u>	\$ <u>255</u>	\$ <u>980</u>
<b>Flexible Spending Plan</b>				
Assets:				
Cash and cash equivalents	\$ <u>35</u>	\$ <u>269</u>	\$ <u>282</u>	\$ <u>22</u>
Liabilities:				
Due to agencies	\$ <u>35</u>	\$ <u>269</u>	\$ <u>282</u>	\$ <u>22</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>1,061</u>	\$ <u>1,353</u>	\$ <u>1,234</u>	\$ <u>1,180</u>
Liabilities:				
Due to student groups	\$ <u>219</u>	\$ <u>656</u>	\$ <u>697</u>	\$ <u>178</u>
Due to agencies	<u>842</u>	<u>697</u>	<u>537</u>	<u>1,002</u>
Total Liabilities	\$ <u>1,061</u>	\$ <u>1,353</u>	\$ <u>1,234</u>	\$ <u>1,180</u>

**Supplementary Data**

## TOWN OF EAST HARTFORD, CONNECTICUT

## CAPITAL IMPROVEMENT FUND

## SCHEDULE OF PROJECT AUTHORIZATIONS AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2012

In Thousands

<u>Project Description</u>	<u>Amended Budget</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Available Budget</u>
2010 Authorization:					
Road Reconstruction	\$ 10,000	\$ 1,752	\$ 3,321	\$ 5,903	\$ 776
2008 Authorization:					
Road Reconstruction	10,000	2,245	8,292	98	1,610
School Improvements	2,735	606	2,525	167	43
Library Improvements	2,100	33	34	95	1,971
Total	14,835	2,884	10,851	360	3,624
2007 Authorization:					
Levees	20,716	605	12,012	979	7,725
Capital Improvement Program	284		168		116
Total	21,000	605	12,180	979	7,841
2006 Authorization:					
Fire Station/Maintenance Facility	6,485	1,407	6,364	116	5
Town Hall Renovation	559		559		-
Road Reconstruction	10,540	(17)	9,839	231	470
Total	17,584	1,390	16,762	347	475
2002 Authorization:					
EHHS Courtyard	11,640		11,344		296
Main and School Street Project	2,260	12	1,639	251	370
Town - Capital and Nonrecurring:					
Town Hall Renovation	245		245		-
CCC Renovation	150		150		-
Probate Court Move	9		9		-
EHMS Field Renovation	60		60		-
VMC Porch Renovation	6		6		-
Library Expansion	53				53
Total	523	-	470	-	53
BOE - Capital and Nonrecurring:					
Goodwin School Roof	412	412	412		-
Capital Leases:					
Town Leases 2008-2009	1,381	11	1,377		4
Energy Performance Lease 2010	7,400	908	7,168		232
Town Leases 2010-2011	2,148	38	2,116		32
Town Wide Area Network	250	124	235		15
Town Leases 2011-2012	563	505	536	18	9
Add'l Town Leases 2011-2012A	785	168	168		617
Add'l Town Leases 2011-2012B	110	107	107		3
Total	12,637	1,861	11,707	18	912
Total	\$ 90,891	\$ 8,916	\$ 68,686	\$ 7,858	\$ 14,347

## **Statistical Section**

## Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

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

## TOWN OF EAST HARTFORD, CONNECTICUT

## NET ASSETS BY COMPONENT

## LAST TEN FISCAL YEARS

In Thousands

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
Invested in capital assets, net of related debt	\$ 112,960	\$ 118,754	\$ 116,335	\$ 115,698	\$ 130,943	\$ 134,170	\$ 131,885	\$ 132,493	\$ 124,195	\$ 120,105
Restricted	190	191	196	194	227	239	189	615	562	527
Unrestricted	(20,864)	(21,534)	(13,234)	(4,360)	(7,683)	(1,254)	(3,612)	711	1,882	(3,655)
Total Governmental Activities Net Assets	<u>\$ 92,286</u>	<u>\$ 97,411</u>	<u>\$ 103,297</u>	<u>\$ 111,532</u>	<u>\$ 123,487</u>	<u>\$ 133,155</u>	<u>\$ 128,462</u>	<u>\$ 133,819</u>	<u>\$ 126,639</u>	<u>\$ 116,977</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting.

## TOWN OF EAST HARTFORD, CONNECTICUT

## CHANGES IN NET ASSETS

## LAST TEN FISCAL YEARS

In Thousands

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental activities:										
General government	\$ 34,681	\$ 31,495	\$ 31,334	\$ 33,606	\$ 30,124	\$ 25,995	\$ 24,252	\$ 21,744	\$ 18,981	\$ 17,891
Public safety	29,661	27,576	25,749	25,809	26,300	25,293	24,627	23,302	22,376	20,711
Inspections and permits	639	645	682	849	669	659	678	658	627	604
Public works	13,219	20,549	16,204	17,712	16,344	12,374	11,091	11,663	10,291	10,971
Parks and recreation	3,165	3,666	3,308	3,641	4,032	3,950	3,807	3,739	3,421	3,278
Health and social services	3,063	3,336	3,306	3,086	3,437	3,167	3,054	2,855	2,035	2,201
Education	124,623	124,447	115,034	118,104	134,084	101,084	97,299	93,454	87,662	84,973
Interest on long-term debt	1,519	1,640	1,208	2,020	1,689	1,897	2,067	1,917	2,072	1,609
Total governmental activities expenses	<u>210,570</u>	<u>213,354</u>	<u>196,825</u>	<u>204,827</u>	<u>216,679</u>	<u>174,419</u>	<u>166,875</u>	<u>159,332</u>	<u>147,465</u>	<u>142,238</u>
Program Revenues:										
Governmental activities:										
Charges for services										
General government	938	849	1,069	1,158	1,669	1,775	1,771	1,573	1,473	874
Public safety	1,554	2,294	1,365	674	1,656	1,258	1,219	919	837	680
Inspections and permits	1,966	484	481	458	1,370	1,069	638	404	383	382
Education	7,869	6,640	5,727	5,062	4,174	3,416	3,305	2,893	3,055	2,738
Other	909	930	1,029	997	1,106	1,286	1,204	1,215	1,259	1,229
Operating grants and contributions	76,757	77,598	72,772	71,002	90,525	60,149	59,601	53,269	50,580	48,105
Capital grants and contributions	276	6,536	1,751	3,736	644	1,330	1,290	5,769	2,672	9,606
Total governmental activities program revenues	<u>90,269</u>	<u>95,331</u>	<u>84,194</u>	<u>83,087</u>	<u>101,144</u>	<u>70,283</u>	<u>69,028</u>	<u>66,042</u>	<u>60,259</u>	<u>63,614</u>
Net (Expense) Revenue:										
Governmental activities	<u>(120,301)</u>	<u>(118,023)</u>	<u>(112,631)</u>	<u>(121,740)</u>	<u>(115,535)</u>	<u>(104,136)</u>	<u>(97,847)</u>	<u>(93,290)</u>	<u>(87,206)</u>	<u>(78,624)</u>
General Revenues and Other Changes in Net Assets:										
Governmental activities:										
Property taxes	107,062	104,956	98,212	100,021	98,825	103,425	97,497	96,568	92,160	84,567
Grants and contributions not restricted to specific programs	6,349	5,418	5,728	5,846	7,085	6,405	5,617	4,870	3,922	4,245
Unrestricted investment earnings	67	42	79	561	1,443	1,981	1,548	623	409	592
Other general revenues	1,698	1,721	377	2,125	1,405	329	136	315	377	
Special items					(2,891)	(3,311)	(12,308)	(1,906)		
Total governmental activities	<u>115,176</u>	<u>112,137</u>	<u>104,396</u>	<u>108,553</u>	<u>105,867</u>	<u>108,829</u>	<u>92,490</u>	<u>100,470</u>	<u>96,868</u>	<u>89,404</u>
Changes in Net Assets:										
Governmental activities	<u>\$ (5,125)</u>	<u>\$ (5,886)</u>	<u>\$ (8,235)</u>	<u>\$ (13,187)</u>	<u>\$ (9,668)</u>	<u>\$ 4,693</u>	<u>\$ (5,357)</u>	<u>\$ 7,180</u>	<u>\$ 9,662</u>	<u>\$ 10,780</u>

## Notes:

(1) Schedule prepared on the accrual basis of accounting.

TABLE 3

## TOWN OF EAST HARTFORD, CONNECTICUT

## FUND BALANCES, GOVERNMENTAL FUNDS

## LAST TEN FISCAL YEARS

In Thousands

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:										
Reserved	\$	\$	\$ 906	\$ 943	\$ 867	\$ 968	\$ 344	\$ 353	\$ 734	\$ 487
Unreserved			12,038	12,699	14,342	14,817	11,428	11,006	9,065	7,263
Nonspendable										
Restricted										
Committed										
Assigned	1,257	668								
Unassigned	13,954	12,850								
Total General Fund	\$ <u>15,211</u>	\$ <u>13,518</u>	\$ <u>12,944</u>	\$ <u>13,642</u>	\$ <u>15,209</u>	\$ <u>15,785</u>	\$ <u>11,772</u>	\$ <u>11,359</u>	\$ <u>9,799</u>	\$ <u>7,750</u>
All Other Governmental Funds:										
Reserved	\$	\$	\$ 11,335	\$ 6,329	\$ 8,090	\$ 4,334	\$ 5,576	\$ 9,847	\$ 10,805	\$ 14,028
Unreserved, reported in:										
Special revenue funds			1,149	1,187	441	(127)	(402)	41	638	527
Capital projects funds			209	(3,994)	4,153	(2,974)	(639)	(11,717)	(4,309)	4,606
Nonspendable	190	192								
Restricted	1,239	1,678								
Committed	5,166	5,947								
Assigned										
Unassigned	(1,535)	(7,867)								
Total All Other Governmental Funds	\$ <u>5,060</u>	\$ <u>(50)</u>	\$ <u>12,693</u>	\$ <u>3,522</u>	\$ <u>12,684</u>	\$ <u>1,233</u>	\$ <u>4,535</u>	\$ <u>(1,829)</u>	\$ <u>7,134</u>	\$ <u>19,161</u>

## Notes:

(1) Schedule prepared on the modified accrual basis of accounting.



**TOWN OF EAST HARTFORD, CONNECTICUT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**  
**In Thousands**

	<b>FISCAL YEAR</b>									
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Revenues:										
General property taxes	\$ 107,495	\$ 103,943	\$ 98,458	\$ 100,745	\$ 97,595	\$ 103,853	\$ 97,463	\$ 97,930	\$ 91,686	\$ 86,570
Licenses and permits	2,132	648	652	616	1,584	1,233	1,232	957	955	868
Intergovernmental revenues	82,919	89,271	80,178	80,566	97,469	66,994	65,729	63,378	58,498	65,064
Charges for services	10,839	10,060	8,661	8,327	8,118	7,291	6,753	5,884	5,852	4,859
Investment income	66	31	63	415	859	1,185	911	363	309	454
Other	2,400	2,135	777	1,590	2,651	1,545	1,993	1,276	1,351	1,253
Total revenues	<u>205,851</u>	<u>206,088</u>	<u>188,789</u>	<u>192,259</u>	<u>208,276</u>	<u>182,101</u>	<u>174,081</u>	<u>169,788</u>	<u>158,651</u>	<u>159,068</u>
Expenditures:										
Current:										
General government	31,988	28,606	27,582	27,488	24,524	26,425	25,479	23,739	21,165	19,005
Public safety	26,491	26,655	25,199	24,916	25,274	23,927	23,322	22,086	22,011	20,236
Inspections and permits	639	645	682	849	744	672	678	658	627	604
Public works	8,548	9,338	9,151	10,422	9,540	9,150	8,568	8,646	7,972	8,188
Parks and recreation	3,071	3,627	3,549	3,551	3,611	3,723	3,654	3,932	3,310	3,261
Health and social services	2,985	2,900	2,680	2,707	3,030	3,525	4,178	3,377	2,484	2,234
Education	118,527	115,802	109,723	110,383	130,864	99,925	97,403	92,182	86,780	83,914
Capital outlay	8,916	23,668	8,391	14,603	11,206	6,546	12,132	15,311	17,883	23,341
Debt service:										
Principal	8,005	7,409	6,235	7,807	7,032	7,104	7,077	6,476	6,157	6,735
Interest	1,753	1,753	3,304	1,970	1,751	1,971	1,932	1,973	2,159	1,607
Total expenditures	<u>210,923</u>	<u>220,403</u>	<u>196,496</u>	<u>204,696</u>	<u>217,576</u>	<u>182,968</u>	<u>184,423</u>	<u>178,380</u>	<u>170,548</u>	<u>169,125</u>
Excess of Revenues Over (Under)										
Expenditures	<u>(5,072)</u>	<u>(14,315)</u>	<u>(7,707)</u>	<u>(12,437)</u>	<u>(9,300)</u>	<u>(867)</u>	<u>(10,342)</u>	<u>(8,592)</u>	<u>(11,897)</u>	<u>(10,057)</u>
Other Financing Sources (Uses):										
Multi-year lease purchase agreements	813	2,146	7,400	1,861	6,175	1,578	1,759	1,189	1,919	50
Bonds issued	16,280		8,675		14,000		15,360			14,675
Refunding bonds			8,370							10,070
Premium on refunding bonds	193		457							
Payment to refunding bond escrow agent	(5,411)		(8,701)							(10,070)
Transfers in	1,303	644	416	836	2,889	463	2,939	1,195	367	954
Transfers out	(1,303)	(644)	(436)	(962)	(2,889)	(463)	(2,939)	(1,195)	(367)	(954)
Total other financing sources (uses)	<u>11,875</u>	<u>2,146</u>	<u>16,181</u>	<u>1,735</u>	<u>20,175</u>	<u>1,578</u>	<u>17,119</u>	<u>1,189</u>	<u>1,919</u>	<u>14,725</u>
Net Change in Fund Balances	<u>\$ 6,803</u>	<u>\$ (12,169)</u>	<u>\$ 8,474</u>	<u>\$ (10,702)</u>	<u>\$ 10,875</u>	<u>\$ 711</u>	<u>\$ 6,777</u>	<u>\$ (7,403)</u>	<u>\$ (9,978)</u>	<u>\$ 4,668</u>
Debt Service as a % of Noncapital Expenditures	<u>4.74%</u>	<u>4.44%</u>	<u>4.98%</u>	<u>5.07%</u>	<u>4.18%</u>	<u>5.05%</u>	<u>5.00%</u>	<u>5.14%</u>	<u>5.40%</u>	<u>5.57%</u>

## Notes:

(1) Schedule prepared on the modified accrual basis of accounting.

**TOWN OF EAST HARTFORD, CONNECTICUT**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**LAST TEN FISCAL YEARS**  
**In Thousands**

Fiscal Year	Grand List Year	Real Property		Vacant Land	Motor Vehicles	Personal Property	Gross Taxable Assessed Value	Less Tax Exempt Property	Net Taxable Assessed Value	Basic Rate	General Obligation Debt Service Rate	Total Direct Tax Rate (in mills)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
		Residential	Industrial and Commercial											
2012	2010	\$ 1,877,590	\$ 764,534	\$ 25,836	\$ 248,757	\$ 433,077	\$ 3,349,794	\$ 254,495	\$ 3,095,299	31.81	2.61	34.42	\$ 4,421,856	70.00%
2011	2009	1,873,732	764,118	25,992	242,084	418,351	3,324,277	234,160	3,090,117	31.19	2.63	33.82	4,414,453	70.00%
2010	2008	1,868,224	769,427	27,637	242,895	407,506	3,315,689	212,152	3,103,537	28.90	2.77	31.67	4,433,624	70.00%
2009	2007	1,862,039	777,269	27,266	252,061	425,747	3,344,382	171,889	3,172,493	29.13	2.54	31.67	4,532,133	70.00%
2008	2006	1,850,994	732,787	28,122	246,634	438,624	3,297,161	572,574 (2)	2,724,587	33.38	2.74	36.12	3,892,267	70.00%
2007	2005	1,113,874	593,264	21,123	244,135	482,386	2,454,782	119,327	2,335,455	40.26	3.36	43.62	3,336,364	70.00%
2006	2004	1,110,108	591,911	19,834	232,206	493,232	2,447,291	113,364	2,333,927	38.06	3.28	41.34	3,334,181	70.00%
2005	2003	1,107,064	587,938	19,513	214,968	519,667	2,449,150	96,384	2,352,766	37.17	3.16	40.33	3,361,094	70.00%
2004	2002	1,385,328	313,383	20,993	231,431	499,168	2,450,303	101,146	2,349,157	35.47	3.13	38.60	3,355,939	70.00%
2003	2001	1,229,050	470,708	21,122	228,194	434,194	2,383,268	91,125	2,292,143	34.82	3.08	37.90	3,274,490	70.00%

Source: Town of East Hartford, Office of Tax Assessor

Notes:

- (1) 2001 and 2006 real property grand lists are adjusted to reflect statutory revaluation.
- (2) 2006 exemptions include \$444,945 for revaluation phase-in.
- (3) The Town assesses property at 70% of actual value for all types of real and personal property.

TABLE 6

## TOWN OF EAST HARTFORD, CONNECTICUT

## PRINCIPAL PROPERTY TAXPAYERS

## CURRENT YEAR AND NINE YEARS AGO

In Thousands

Taxpayer	Nature of Business	October 1, 2010			October 1, 2001		
		Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
United Technologies Corp.	Manufacturing	\$ 340,360	1	11.00%	\$ 352,898	1	15.37%
Cabela's Inc.	Retail	28,764	2	0.93%			
Coca Cola Bottling Co.	Beverage Mfg/Dist.	26,236	3	0.85%	28,852	3	1.26%
Connecticut Light and Power	Utility	26,103	4	0.84%	14,663	7	0.64%
Freemont Riverview LLC	Offices	24,293	5	0.78%	15,523	5	
Ansonia Acquisitions	Apartment Buildings	23,716	6	0.77%	13,964	8	0.61%
Connecticut Natural Gas	Utility	22,297	7	0.72%	11,492	10	
Computer Sciences	Leasing	19,582	8	0.63%	45,726	2	1.99%
Merchant 99 111 Founder LLC	Offices	16,631	9	0.54%			
East Hartford Founders LLC	Offices	13,825	10	0.45%			
Freemont Prestige Park LLC	Industrial & Comm. R.E.				14,882	6	0.65%
Founders 14 LLC	Commercial R.E.				19,338	4	0.84%
Riverside Health Care	Health Care				12,412	9	0.54%
Total		\$ 541,807		17.50%	\$ 529,750		21.89%

Source: Town of East Hartford, Office of Tax Assessor

TABLE 7

## TOWN OF EAST HARTFORD, CONNECTICUT

## PROPERTY TAX LEVIES AND COLLECTIONS

## LAST TEN FISCAL YEARS

In Thousands

Fiscal Year Ended June 30,	Grand List Year	Net Taxable Assessed Value	Tax Rate in Mils	Adjusted Tax Levy	Collected Within the Fiscal Year of Levy		Collections In Subsequent Years	Total Collections To Date	
					Amount	Percent of Levy		Amount	Percentage of Levy
2012	2010	\$ 3,095,300	34.42	\$ 106,016	\$ 103,104	97.25%	\$	\$ 103,104	97.25%
2011	2009	3,090,117	33.82	104,001	101,051	97.16%	1,793	102,844	98.89%
2010	2008	3,103,537	31.67	97,618	95,398	97.73%	1,241	96,639	99.00%
2009	2007	3,172,493	31.67	99,128	96,764	97.62%	1,633	98,397	99.26%
2008	2006	2,724,587	36.12	98,607	94,616	95.95%	1,786	96,402	97.76%
2007	2005	2,335,455	43.62	102,212	99,595	97.44%	2,031	101,626	99.43%
2006	2004	2,333,927	41.34	96,525	94,413	97.81%	1,628	96,041	99.50%
2005	2003	2,352,766	40.33	95,002	92,862	97.75%	2,140	95,002	100.00%
2004	2002	2,349,157	38.60	89,750	87,517	97.51%	2,233	89,750	100.00%
2003	2001	2,292,143	37.90	85,841	83,534	97.31%	2,307	85,841	100.00%

Source: Tax Collector's Report; Comprehensive Annual Financial Report

## TOWN OF EAST HARTFORD, CONNECTICUT

## RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS  
In Thousands

Fiscal Year	Governmental Activities							Total Primary Government Debt Per Capita	Ratio of Primary Government Debt to Personal Income	Ratio of Net Bonded Debt to Estimated Actual Assessed Value	Ratio of Net Bonded Debt Per Capita
	General Obligation Bonds					Capital Leases					
	General Purpose	Schools	Urban Renewal	Less: School Building Grants (2)	Total Net Bonded Debt						
2012	\$ 43,939	\$ 1,852	\$ 74	\$	\$ 45,865	\$ 14,503	\$ 60,368	\$ 1,170	4.61%	1.04%	\$ 889
2011	38,462	2,615	148		41,225	15,306	56,531	1,103	4.32%	0.93%	799
2010	43,765	3,430	205		47,400	14,545	61,945	1,209	5.55%	1.07%	925
2009	40,185	3,614	1,351		45,150	9,070	54,220	1,058	5.11%	1.02%	925
2008	44,820	4,820	1,530	23	51,147	8,996	60,143	1,173	5.53%	1.13%	1,022
2007	34,752	5,627	2,621	46	42,954	4,023	46,977	917	4.32%	1.10%	858
2006	38,437	6,748	3,710	69	48,826	3,654	52,480	1,024	4.86%	1.46%	978
2005	26,586	7,979	4,790	405	38,950	3,152	42,102	821	3.88%	1.17%	774
2004	29,309	9,656	5,885	741	44,109	2,944	47,053	918	4.35%	1.31%	876
2003	31,918	11,263	6,929	1,281	48,829	1,922	50,751	990	4.67%	1.46%	1,003

## Notes:

(1) Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(2) School building grants applicable to outstanding bond issues.

## TOWN OF EAST HARTFORD, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

JUNE 30, 2012

In Thousands

Total tax collections, including interest and lien fees for the year ended June 30, 2012	\$ 106,790
Reimbursement for revenue loss on:	
Tax relief for elderly - freeze	<u>6</u>
Total	<u>\$ 106,796</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2-1/4 times base	\$ 240,291	\$	\$	\$	\$
4-1/2 times base		480,582			
3-3/4 times base			400,485		
3-1/4 times base				347,087	
3 times base					<u>320,388</u>
Total debt limitation	<u>240,291</u>	<u>480,582</u>	<u>400,485</u>	<u>347,087</u>	<u>320,388</u>
Indebtedness:					
Bonds payable	43,939	1,852		74	
Bonds authorized and unissued	16,940	987			
Overlapping debt			<u>48,274</u>		
Total indebtedness	<u>60,879</u>	<u>2,839</u>	<u>48,274</u>	<u>74</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 179,412</u>	<u>\$ 477,743</u>	<u>\$ 352,211</u>	<u>\$ 347,013</u>	<u>\$ 320,388</u>

## Notes:

- (1) In no event shall total debt exceed seven times annual receipts from taxation \$747,572.
- (2) Bonds authorized-unissued represents bond authorizations for projects which have bond anticipation notes outstanding or for which bonds have been authorized and partially issued.

## TOWN OF EAST HARTFORD, CONNECTICUT

## LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS  
In Thousands

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt limitation	\$ 747,572	\$ 727,692	\$ 691,145	\$ 702,534	\$ 685,587	\$ 724,570	\$ 682,108	\$ 685,223	\$ 642,341	\$ 605,080
Total net debt applicable to limit	112,066	99,841	87,791	89,575	68,996	54,306	61,175	58,976	55,998	60,691
Legal Debt Margin	\$ <u>635,506</u>	\$ <u>627,851</u>	\$ <u>603,354</u>	\$ <u>612,959</u>	\$ <u>616,591</u>	\$ <u>670,264</u>	\$ <u>620,933</u>	\$ <u>626,247</u>	\$ <u>586,343</u>	\$ <u>544,389</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>14.99%</u>	<u>13.72%</u>	<u>12.70%</u>	<u>12.75%</u>	<u>10.06%</u>	<u>7.49%</u>	<u>8.97%</u>	<u>8.61%</u>	<u>8.72%</u>	<u>10.03%</u>

Source: Comprehensive Annual Financial Report - Schedule of Debt Limitation

Note:

(1) See Table 9 for calculation of current year debt limitation

TABLE 11

## TOWN OF EAST HARTFORD, CONNECTICUT

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

## LAST TEN FISCAL YEARS

In Thousands

<u>Fiscal Year</u>	<u>MDC Overlapping Debt</u>	<u>Percentage Applicable to East Hartford</u>	<u>Town Share of Debt</u>	<u>General Purpose</u>	<u>Schools</u>	<u>Urban Renewal</u>	<u>Total Direct and Overlapping Debt</u>
2012	\$ 419,411	11.51 %	\$ 48,274	\$ 43,939	\$ 1,852	\$ 74	\$ 94,139
2011	33,288	11.65	3,878	38,462	2,615	148	45,103
2010	206,461	12.13	25,044	43,765	3,430	205	72,444
2009	134,807	12.53	16,891	40,185	3,614	1,351	62,041
2008	107,074	13.10	14,027	44,820	4,820	1,530	65,197
2007	75,185	13.34	10,030	34,752	6,903	2,621	54,306
2006	82,247	13.58	11,169	38,437	6,748	3,710	60,064
2005	89,552	13.42	12,018	26,586	7,979	4,790	51,373
2004	88,059	13.42	11,818	29,309	9,656	5,885	56,668
2003	88,778	13.28	11,790	31,918	11,263	6,929	61,900

Note: MDC overlapping debt is calculated by the Metropolitan District Commission based on the percentage of taxes owed by East Hartford.



**TOWN OF EAST HARTFORD, CONNECTICUT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Calendar Year	Population (1)	School Enrollment (1)	Employed (2)	Medium Family Income (1)	Personal Income (in thousands)	Per Capita Income (1)	Percentage Unemployed (2)			
							Town of East Hartford	Hartford Labor Market	State of Connecticut	United States
2012	51,594	7,918	24,042	\$ 49,772	\$ 1,309,817	\$ 25,387	10.5%	8.2%	8.9%	7.8%
2011	51,252	7,423	26,037	50,540	1,115,397	21,763	11.5%	9.1%	9.0%	9.6%
2010	48,766	7,916	26,482	51,270	1,061,294	21,763	12.5%	9.4%	9.3%	9.5%
2009	50,010	7,258	23,391	49,754	1,088,368	21,763	10.4%	7.9%	7.9%	9.1%
2008	50,010	7,752	24,171	49,754	1,088,368	21,763	7.2%	5.7%	5.4%	5.5%
2007	49,575	7,918	24,363	50,540	1,078,901	21,763	5.8%	4.4%	4.3%	4.5%
2006	49,902	8,391	N/A	50,540	1,086,017	21,763	6.5%	4.6%	4.5%	4.4%
2005	49,758	8,397	N/A	50,540	1,082,883	21,763	6.7%	5.3%	5.1%	5.1%
2004	49,959	8,052	N/A	50,540	1,087,258	21,763	6.4%	5.1%	4.7%	5.5%
2003	49,107	7,832	N/A	50,540	1,068,716	21,763	7.4%	5.9%	5.5%	5.8%

## Sources:

(1) Connecticut Economic Resource Center

(2) State of Connecticut, Department of Labor

N/A - Not available

TABLE 13

## TOWN OF EAST HARTFORD, CONNECTICUT

## PRINCIPAL EMPLOYERS

## CURRENT YEAR AND NINE YEARS AGO

Employer	Nature of Business	2012			2003		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Pratt and Whitney Aircraft	Engine Manufacturer	7,621	1	33.35%	7,200	1	30.77%
Town of East Hartford	Municipality	1,714	2	7.50%	1,531	2	6.54%
Bank of America (formerly Fleet)	Banking Headquarters	550	3	2.41%	632	4	2.70%
Coca Cola Bottling Company	Beverage Mfg. and Dist.	546	4	2.39%	134	10	0.57%
Goodwin College	Educational Institution	483	5	2.11%			0.00%
United Technologies Research	Research Laboratory	477	6	2.09%	800	3	3.42%
Riverside Health Center	Medical Care and Rehabilitation	448	7	1.96%	425	5	1.82%
CT Dept. of Info. Technology	State of Connecticut	397	8	1.74%			0.00%
87 Cabela's Outdoor Store	Outdoor Supplies	299	9	1.31%			0.00%
CSC Financial	Software Services	297	10	1.30%	400	6	1.71%
Connecticut Natural Gas	Energy Utility	270	11	1.18%			0.00%
BKM Total Office	Office Furniture Retailer	224	12	0.98%			0.00%
CT Judicial Dept.	State of Connecticut	145	13	0.63%			0.00%
United Steel	Manufacturing	127	14	0.56%			0.00%
Cellu-Tissue	Paper Manufacturing	98	15	0.43%	140	9	0.60%
Addressing Services	Direct Mail	-		0.00%	330	7	1.41%
Air Touch Paging	Telecommunications	-		0.00%	150	8	0.64%
ACCENT Color Sciences	Manufacturer	-		0.00%	45	11	0.19%
Total		13,696		59.94%	11,787		50.37%

Source: Town of East Hartford, Development Department

## TOWN OF EAST HARTFORD, CONNECTICUT

## FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

## LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government (1):										
Administration	49	50	41	42	54	54	58	52	51	50
Police	169	163	179	185	170	173	173	171	170	169
Public Works	69	69	70	73	72	68	68	72	72	70
Inspections and Permits	11	11	11	13	12	13	13	12	12	12
Civil Preparedness	1	1	1	1	1	1	1	1	1	1
Fire	132	131	132	133	130	132	133	130	131	127
Library	14	14	14	15	14	14	14	14	14	14
Parks and Recreation	24	24	25	25	25	27	27	27	27	28
Youth Services	5	5	5	5	5	4	4	4	4	4
Health and Social Services	13	13	13	15	18	17	17	16	16	22
Total General Government	487	481	491	507	501	503	508	499	498	497
Board of Education (2):										
Administration and Principals	45	41	46	41	49	43	43	36	36	34
Teachers	613	637	636	657	613	641	632	612	612	611
Other	508	516	562	499	515	538	543	554	554	505
Total Board of Education	1,166	1,194	1,244	1,197	1,177	1,222	1,218	1,202	1,202	1,150
Total	1,653	1,675	1,735	1,704	1,678	1,725	1,726	1,701	1,700	1,647

## Sources:

- (1) Town of East Hartford, Finance Department
- (2) East Hartford Board of Education

TABLE 15

**TOWN OF EAST HARTFORD, CONNECTICUT**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

FUNCTION/PROGRAM	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government (1):										
Building permits issued	2,827	2,544	947	2,795	2,518	2,659	2,695	2,303	2,477	632
Police (2):										
Physical arrests	2,185	2,329	2,884	2,451	2,572	2,132	2,058	2,558	2,613	2,425
Parking violations	1,183	1,619	1,373	1,899	1,781	1,622	3,039	3,825	4,344	2,160
Traffic violations	6,477	6,362	3,581	1,751	2,065	1,653	1,402	3,277	4,167	3,484
Fire (3):										
Emergency responses	10,083	9,781	9,274	9,321	9,504	9,269	9,487	8,956	8,461	7,990
Fires extinguished	185	193	118	131	160	238	289	249	214	247
Inspections	1,520	1,680	1,949	1,513	1,114	1,229	806	900	376	411
Refuse collection (1):										
Municipal Solid Waste collected (tons)	14,775	14,287	16,129	16,326	16,982	17,351	18,056	17,958	18,050	17,321
Parks and recreation (4):										
Community center admissions	36,500	46,361	36,817	27,322	26,368	25,602	25,186	22,492	20,679	10,419
Library (5):										
Volumes in collection	233,761	212,211	225,780	214,639	203,575	196,138	192,049	189,645	198,624	194,895
Total volumes borrowed	152,876	153,424	239,669	142,709	141,942	141,170	152,581	161,404	177,301	191,590

## Sources:

- (1) Town of East Hartford, Public Works Department
- (2) Town of East Hartford, Police Department
- (3) Town of East Hartford, Fire Department
- (4) Town of East Hartford, Parks Department
- (5) Town of East Hartford, Library Department

N/A: Information is not available.

TABLE 16

**TOWN OF EAST HARTFORD, CONNECTICUT**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

FUNCTION/PROGRAM	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government (1):										
Town buildings	52	52	52	54	53	53	53	53	53	53
Public safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire (2):										
Firefighting/rescue vehicles	17	17	17	17	14	14	15	15	14	14
Other vehicles	16	16	18	18	18	17	16	16	15	14
Fire stations	5	5	5	5	5	5	5	5	5	5
Parks and recreation (3):										
Parks	17	17	17	17	16	16	16	16	15	15
Recreation fields and courts:										
Number of basketball courts	19	19	19	19	19	19	13	13	13	14
Number of football fields	2	2	2	2	2	2	2	2	2	2
Number of multi-use fields	4	4	4	4	4	4	4	4	4	4
Number of playgrounds	15	15	15	15	15	15	11	11	11	11
Number of soccer fields	9	9	9	9	9	6	6	6	6	7
Number of softball fields	7	7	7	7	7	6	2	2	4	6
Number of tennis courts	6	6	6	6	6	6	6	6	6	10
Mowers	10	10	10	10	10	8	7	7	7	7
Other vehicles	22	22	22	22	22	20	22	23	24	24
Education (4):										
School buildings	16	16	17	17	17	17	17	17	17	16
Administrative buildings	2	2	2	2	2	2	2	2	2	1

## Sources:

- (1) Town of East Hartford, Public Works Department
- (2) Town of East Hartford, Fire Department
- (3) Town of East Hartford, Park Department
- (4) East Hartford Board of Education