

Official Statement Dated February 12, 2013

REFUNDING ISSUE

MOODY'S RATING: Aa2
(See "Ratings" herein)

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. (See "Tax Matters" herein).

TOWN OF EAST HARTFORD, CONNECTICUT

\$12,230,000

GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2013

BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: June 1, 2014-2028

The Bonds will be general obligations of the Town of East Hartford, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. (See "Security and Remedies" herein).

The Bonds will bear interest payable on June 1, 2013 and semi-annually thereafter on June 1 and December 1 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein).

The Bonds ARE subject to optional redemption prior to maturity (see "Optional Redemption" herein).

The Certifying, Registrar, Transfer, Paying and Escrow Agent for the Bonds will be U.S. Bank National Association, Hartford, Connecticut.

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>
2014	\$ 1,030,000	2.000 %	0.350 %	272839SS1	2022	\$ 360,000	2.000 %	2.210 %	272839TA9
2015	1,110,000	3.000	0.560	272839ST9	2023	350,000	2.375	2.480	272839TB7
2016	1,110,000	3.000	0.720	272839SU6	2024	345,000	2.500	2.620	272839TC5
2017	1,210,000	3.000	0.900	272839SV4	2025	340,000	2.625	2.760	272839TD3
2018	2,290,000	4.000	1.100	272839SW2	2026	335,000	2.625	2.850	272839TE1
2019	1,365,000	4.000	1.310	272839SX0	2027	330,000	2.750	2.950	272839TF8
2020	1,375,000	4.000	1.530	272839SY8	2028	325,000	2.750	3.000	272839TG6
2021	355,000	4.000	1.830	272839SZ5					

RBC CAPITAL MARKETS

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry form will be made to the Depository Trust Company, New York, New York on or about February 26, 2013.

¹ Copyright 2012, American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create database and does not serve in any way as a substitute for the CUSIP Services.

No dealer, broker, salesman or other person has been authorized by the Town of East Hartford, Connecticut (the "Town"), to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement.

Other than matters expressly set forth in Appendix A – "Financial Statements" herein, the independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement and make no representation that they have independently verified the same. The independent auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The independent auditor also has not performed any procedures relating to this Official Statement.

Other than as to matters expressly set forth in Appendix B – "Form of Legal Opinion of Bond Counsel" herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

Independent Bond and Investment Consultants LLC, the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

The CUSIP (Committee on Uniform Securities Identification Procedures) numbers printed in this Official Statement have been assigned by an organization not affiliated with the Town, the Underwriter or U.S. Bank National Association, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of the holders of the Bonds and no representation is made as to the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including but not limited to the refunding or defeasance of such issue or the use of secondary market financial products. None of the Town, the Underwriter or the U.S. Bank National Association has agreed to, nor is there any duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers printed herein.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

The Town will enter into a continuing disclosure agreement with respect to the Bonds (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the form attached as Appendix C, to this Official Statement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the last five fiscal years, the Town has not failed to meet the requirements of such agreements.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

BOND COUNSEL

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INDEPENDENT FINANCIAL ADVISOR

**INDEPENDENT BOND AND
INVESTMENT CONSULTANTS LLC**

Madison, Connecticut
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SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page, inside cover and appendices, is provided for the purpose of presenting certain information relating to the Town of East Hartford, Connecticut (the "Town") in connection with the issuance and sale of \$12,230,000 General Obligation Refunding Bonds, Issue of 2013 (the "Bonds") of the Town.

All quotations from the summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other areas presented herein as provided by the Town.

Description of the Bonds

The Bonds will be dated the date of delivery, and will mature in annual installments on June 1 in each of the years and in the principal amounts as set forth on the cover page hereof. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest will be payable June 1, 2013 and semiannually thereafter on June 1 and December 1 in each year until maturity. Interest will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable to the registered owner as of the close of business on the fifteenth day of May and November in each year, or the preceding day if such fifteenth day is not a business day. A book-entry system will be employed evidencing ownership of the Bonds with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants (See "Book-Entry Transfer System" herein). The Bonds will be payable at the principal office of the U.S. Bank National Association, in Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut. The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds described herein. **The Bonds ARE subject to redemption prior to maturity** (see "Optional Redemption" herein.).

Optional Redemption

The Bonds maturing on or before June 1, 2021 are not subject to redemption prior to maturity. The Bonds maturing on June 1, 2022 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after June 1, 2021, at any time, either in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity, but by lot within a maturity, as the Town may determine, at the redemption prices (expressed as a percentage of the par amount of the Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
June 1, 2021 and thereafter	100%

Notice of Redemption

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days and no more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if such funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of the Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting the Bonds for redemption, each bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to The Depository Trust Company, or a successor securities depository, or DTC nominee. Any failure of DTC to advise any Direct Participant or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of the Bonds held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

Authorization and Purpose

Authorization: The Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town and a resolution adopted by the Town Council on November 27, 2012 authorizing the issuance of refunding bonds in an amount not to exceed \$15,500,000.

Purpose: The Bonds are being issued to refund the aggregate principal amount outstanding of certain Town of East Hartford General Obligation Bonds (the "Refunded Bonds") as shown under "Plan of Refunding" herein.

Plan of Refunding

The Bonds are being issued to refund the outstanding maturities of the Town's \$14,000,000 General Obligation Bonds, dated June 1, 2008 and \$8,675,000 General Obligation Bonds, dated December 15, 2009 (the "Refunded Bonds") as set forth herein. The refunding is contingent upon delivery of the Bonds.

Issue	Dated Date	Maturity Date	Amount Outstanding	Interest Rate	Redemption Date	Redemption Price
2008	6/1/2008	6/1/2014	\$ 1,250,000	3.125%	6/1/2013	100.00%
2008	6/1/2008	6/1/2015	1,250,000	3.250	6/1/2013	100.00
2008	6/1/2008	6/1/2016	1,255,000	3.500	6/1/2013	100.00
2008	6/1/2008	6/1/2017	1,260,000	3.625	6/1/2013	100.00
2008	6/1/2008	6/1/2018	1,260,000	3.750	6/1/2013	100.00
2008	6/1/2008	6/1/2019	325,000	4.000	6/1/2013	100.00
2008	6/1/2008	6/1/2020	325,000	4.000	6/1/2013	100.00
2008	6/1/2008	6/1/2021	325,000	4.000	6/1/2013	100.00
2008	6/1/2008	6/1/2022	325,000	4.000	6/1/2013	100.00
2008	6/1/2008	6/1/2023	325,000	4.125	6/1/2013	100.00
2008	6/1/2008	6/1/2024	325,000	4.125	6/1/2013	100.00
2008	6/1/2008	6/1/2025	325,000	4.250	6/1/2013	100.00
2008	6/1/2008	6/1/2026	325,000	4.250	6/1/2013	100.00
2008	6/1/2008	6/1/2027	325,000	4.250	6/1/2013	100.00
2008	6/1/2008	6/1/2028	325,000	4.250	6/1/2013	100.00
			9,525,000			

<u>Issue</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2009B	12/15/2009	12/15/2017	\$ 1,100,000	3.000	12/15/2014	100.00
2009B	12/15/2009	12/15/2018	1,100,000	3.000	12/15/2014	100.00
2009B	12/15/2009	12/15/2019	1,100,000	3.250	12/15/2014	100.00
			<u>3,300,000</u>			
			<u>\$ 12,825,000</u>			

Upon delivery of the Bonds, a portion of the Bond proceeds will be deposited in an irrevocable trust fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agreement") dated as of February 26, 2013 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable United States Treasury State and Local Government Series ("SLGS") securities (the "Escrow Securities"). All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Bonds will be used to pay costs of issuance and the Underwriter's discount.

Verification of Mathematical Computations

Barthe & Wahrman, a Professional Association, will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of: (1) the computations that the anticipated receipts from the Escrow Securities and cash deposits set forth in the Underwriter's schedules, will be sufficient to pay, when due, the principal, interest and applicable call premium, if any, payment requirements of the Refunded Bonds, and (2) the computations of yield on the Bonds and the Escrow Securities contained in the provided schedules. Barthe & Wahrman, a Professional Association, will express no opinion on the assumptions provided to them.

Sources and Uses of Bond Proceeds

Sources:	
Par Amount	\$ 12,230,000.00
Net Original Issue Premium	<u>1,075,732.05</u>
Total Sources	<u>\$ 13,305,732.05</u>

Uses:	
Deposit to Escrow Deposit Fund	\$ 13,188,011.69
Underwriter's Discount	33,000.00
Costs of Issuance	82,000.00
Additional Proceeds	<u>2,720.36</u>
Total Uses	<u>\$ 13,305,732.05</u>

Ratings

The Bonds have been rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The underlying rating on the Town's outstanding bonds has recently been affirmed by Moody's as "Aa2". Such rating reflects only the views of such rating agency and any explanation of the significance of such rating may be obtained from Moody's at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Town's bonds.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds in order that interest on the Bonds be and remains excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Ownership of the Bonds may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Notes, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Notes will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Notes or adversely affect the market price of the Notes.

The opinions of Bond Counsel are rendered as of their date and are based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds may be less than the principal amount payable on such Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds are sold constitutes original issue discount. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond or note. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at

the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the Bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction have the power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies. Enforcement of a claim for payment of principal of or interest on such bonds and notes would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a government officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district or any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

THE TOWN OF EAST HARTFORD, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

Qualification for Financial Institutions

The Bonds shall NOT be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof

Replacement Bonds

The determination of the Town officials authorizing the issuance of the Bonds provides for issuance of fully registered Bond certificates directly to Beneficial Owners of the Bonds or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry-only system of evidence and transfer of ownership of the Bonds. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Underwriting

The Bonds are being purchased by RBC Capital Markets, LLC (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$13,272,732.05, (consisting of the principal amount of \$12,230,000.00, plus net original issue premium of \$1,075,732.05, and less underwriter's discount of \$33,000.00). The Underwriter will be obligated to purchase all such Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

SECTION II - THE ISSUER

Description of the Town

The Town of East Hartford's Charter was granted by the General Assembly on October 9, 1793 and was last revised in 2004. The Town is located directly east of the Capitol City of Hartford on the east bank of the Connecticut River, encompassing a land area of 18.7 square miles. The Town is bordered by Glastonbury on the South, Manchester on the East, and South Windsor on the North. East Hartford is situated halfway between New York City and Boston. The Town is served by regional and national rail lines and Bradley International Airport is twenty miles to the northwest. The Connecticut River provides water access to Long Island Sound 30 miles to the south. The Town's population from the 2010 U.S. Census Bureau is 51,252.

East Hartford is the home of over 75 diversified manufacturing plants and 1,844 small businesses. Principal products include: aircraft engines, soda bottling, optical character recognition systems, machine tools, dies, precision parts, aircraft engine parts, winches, sheet metal fabrications, pneumatic valves, photo processing, printing paper products, shotgun chokes, marking machines, electronic test equipment, and storage racks.

The Town serves as the corporate and general headquarters for the Pratt and Whitney Division of United Technologies Corporation, which employs just less than 35,000 people worldwide and 7,621 people in East Hartford. Other significant employers include The Town of East Hartford, Bank of America, Coca Cola of N.Y., Goodwin College, United Technologies Research Center, Riverside Health and Rehabilitation Center, the Connecticut Department of Information Technology ("DOIT"), Cabela's, CSC Financial, and Connecticut Natural Gas.

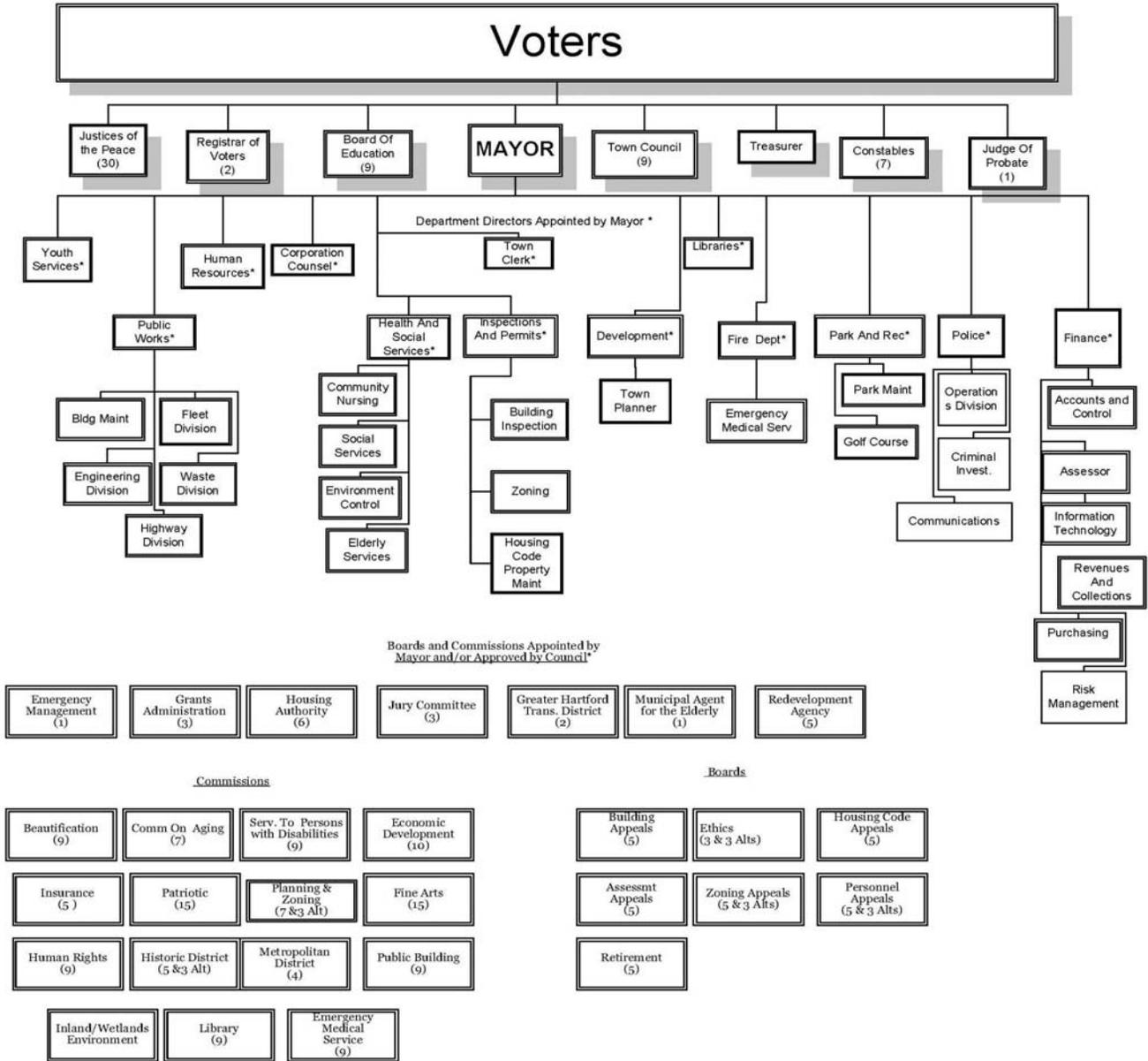
East Hartford's proximity to Hartford, easy access to major transportation routes, and affordable office space make it a prime location for economic expansion. Major public and private investment by the East Hartford community, the State of Connecticut and others has energized East Hartford and the entire region. The completion of the Connecticut Convention Center and Marriott Hotel at Adrian's Landing, the opening of Cabela's Outdoor retail store and the ongoing development of Rentschler Field are providing the momentum for further development.

Form of Government

The Town functions under the Mayor-Town Council form of government with the Mayor acting as the Chief Executive Officer. All legislative authority of the Town is vested exclusively in the nine member Town Council. The Chairman of the Town Council is also the Deputy Mayor and is empowered to exercise the powers and duties of the Office of the Mayor in the event of the Mayor's death, disability, resignation or removal from office. In general, the Town Council's chief powers include the power to approve and adopt the annual budget, the power to enact ordinances, the power to fix penalties and fines and the powers of subpoena and investigation.

On December 9, 2003, the Town Council adopted a resolution establishing a Charter Revision Commission to perform a review of the Town charter and provide recommendations regarding changes, if any. On June 30, 2004 the Charter Revision Commission produced a report to the Town Council with recommendations for various amendments to the Charter. The most significant recommendation was the addition of a provision allowing for a Budget Referendum to be called by the Town Council upon receipt of a petition signed by not less than fifteen (15) percent of the qualified electors of the Town. Accordingly, the time table for the budgetary approval process was moved forward to allow for the possibility of a referendum. Under the revised Charter, the Town Council must hold one or more public hearings by March 11th, and must subsequently adopt a budget by March 21st. Please see "Budgetary Procedure" herein for more information.

Table of Organization



Municipal Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection & Term</u>	<u>Years of Service</u>
Mayor	Marcia A. Leclerc	Elected - 2 Years	2 years
Town Council:			
Chairman	Richard F. Kehoe	Elected - 2 Years	22 years
Vice Chairman	William P. Horan, Jr.	Elected - 2 Years	14 years
Majority Leader	Barbara-Ann Rossi	Elected - 2 Years	6 years
Minority Leader	Eric Thompson	Elected - 2 Years	4 years
Councilman at Large	Marc I. Weinberg	Elected - 2 Years	10 years
Councilman at Large	Linda A. Russo	Elected - 2 Years	3 years
Councilman at Large	Esther Clarke	Elected - 2 Years	1 year
Councilman at Large	Patricia Harmon	Elected - 2 Years	4 years
Councilman at Large	Ram Aberasturia	Elected - 2 Years	2 years
Town Clerk	Robert Pasek	Appointed - Indefinite	2 years
Tax Collector	Iris Laurenza	Appointed - Indefinite	5 years
Treasurer	Joseph R. Carlson	Elected - 2 Years	8 years
Corporation Counsel	Scott Chadwick	Appointed - Indefinite	6 years
Director of Finance	Michael P. Walsh	Appointed - Indefinite	15 years
Director of Public Works	Tim Bockus	Appointed - Indefinite	2 years
Fire Chief	John Oates	Appointed - Indefinite	4 years
Chief of Police	Mark J. Sirois	Appointed - Indefinite	11 years
Chairman, Board of Education	Jeffrey A. Currey	Elected - 4 Years	1 year
Superintendent of Schools	Nathan Quesnal	Appointed - 3 Years	6 months
Assessor	Brian Smith	Appointed - Indefinite	8 years

Source: Town Officials

Summary of Municipal Services

The Town of East Hartford provides a full range of municipal services as directed by State Statutes and the Town Charter. These include police and fire protection, parks and recreation activities, street construction and maintenance, planning and zoning, health and social services, education and general administrative services.

Fire Department: The East Hartford Fire Department has a staff of 132 firefighters. Staffing includes a Chief, two Assistant Chiefs, and four groups of 29 firefighters. A Deputy Chief, Captain and four Lieutenants supervise each group of firefighters.

Line operations are supported by eleven staff positions that contribute to maintaining a high degree of efficiency in the delivery of fire services. Under the direction of the Chief Training Officer, the department continually updates its firefighters on fire suppression methods, apparatus and equipment utilization, hazardous materials response, rescue scenarios, arrangement of streets and hydrant locations and a variety of other subjects all designed to reduce loss. The Fire Prevention Division, consisting of a Fire Marshal and three Deputy Fire Marshals, is responsible for code enforcement, fire cause and origin investigation, public fire education and the tracking of hazardous materials. The Apparatus and Equipment Repair Division, staffed by a Master Mechanic and an Assistant Mechanic, is responsible for maintaining a fleet of over twenty vehicles as well as a variety of emergency response equipment. The Fire Alarm Division ensures that the Municipal Fire Alarm system is ready to receive and transmit hazardous condition information from more than 90 locations throughout the community, including schools, nursing homes, commercial establishments and churches. A Superintendent of Alarms and an assistant staffs that division.

The Fire Department plays a major role in the delivery of Emergency Medical Services to the community. Firefighters are trained to provide medical care at the advanced life support level and to respond in a timely fashion from the five strategically located fire stations. The Chief Medical Officer and Assistant Medical Officer manage the medical program in the department, constantly striving to deliver the highest quality of patient care possible to those in need.

The Department's resources include five fire stations, an apparatus repair facility and an office for the Fire Prevention Division. The five fire stations house five paramedic engines, one 95-foot Tower/Ladder truck, a 100-foot Ladder truck, one Heavy Rescue vehicle and a Command vehicle. In addition, the department maintains one spare engine, one spare ladder truck, and one spare Heavy Rescue vehicle. The department also has a variety of other support vehicles assigned to staff officers.

Police Department: The East Hartford Police Department is a full service police agency operating 24 hours a day seven days a week. It operates out of a state of the art Public Safety Complex that opened in September of 2004.

The Police Department has a complement of 122 sworn officers consisting of 1 Chief of Police, 2 Deputy Chiefs, 10 Lieutenants, 20 Sergeants, 4 Detectives and 88 Officers. In addition to the sworn personnel there are 15 civilian staff members of the Department including police records clerks, administrative clerks, and a full time Animal Control Officer. Public Safety Communications staffs 19 full time Telecommunications Operators and 4 Civilian Supervisors.

The vehicle fleet has approximately 89 marked and unmarked cars, a Field Operations Command Center, five (5) motorcycles and two (2) personal watercraft.

The Police Department is organized into two (2) major Bureaus:

Field Operations Bureau – Includes the Patrol Division, Criminal Investigations Division and Proactive Services Division. The Patrol Division has the responsibility for responding to most calls for service from the public. The Criminal Investigations Division ("CID") personnel follow up complex investigations or those investigations that would be impractical for patrol officers to follow up because of overlapping shifts or time constraints. CID includes juvenile investigators and School Resource Officers ("SRO's"). The State Department of Children and Family ("DCF") maintain staff personnel at the Public Safety Complex working with the Police Department juvenile investigators. The Proactive Services Division includes "Hot Spot" Unit personnel who proactively target high crime areas in Town.

The Department has several specialized units including a K-9 Unit, Tactical Response Team (with Negotiators) and a Police Motorcycle Unit.

Management Services Bureau – Includes the Office of Professional Standards Division and Support Services Division which oversees Communications. The Bureau manages all department support activities including special events, dedicated traffic unit, management information systems/technology ("MIS"), police records, property and evidence, training, fleet management, communications and all other civilian support functions such as personnel and payroll.

The Public Safety Communications Center has been in operation since 1989 and is also the Public Safety Answering Point ("PSAP") for all 911 calls. All Public Safety resources including police, fire and emergency medical service ("EMS") are dispatched from this location. The Chief of Police oversees and manages Public Safety Communications.

Public Works: The Department of Public Works consists of six divisions employing 71 people and using 189 vehicles of various types. The Administration Division oversees the five operations divisions.

The Engineering Division reviews technical design plans, surveys for design and construction, inspects utility, subdivision and municipal construction projects, engineers and drafts the designs of various complex municipal improvement projects and also acts as the liaison to other departments, commissions, contractors, agencies and citizens.

The Street Division provides for the maintenance of 151 miles of Town roads, bridges, public buildings, storm sewers, five cemeteries, flood control facilities, bus shelters, pavement markings, 5,114 street lights and traffic signs. This division is also responsible for snow removal and eviction pick-ups.

The duties of the Waste Services Division include the collection of 14,500 tons of rubbish annually as well as the operation of the Town Transfer Station.

The Facilities Management Division provides basic daily maintenance and is responsible for continuous monitoring of all public buildings to ensure that all electrical, mechanical and structural systems are in order. This division maintains 44 buildings, totaling 282,000 square feet.

The Garage Division provides maintenance for 404 Town vehicles and equipment.

Parks and Recreation: The Department employs 26 full-time employees and over 175 temporary, part time and seasonal employees.

It is the responsibility of the Parks and Recreation Department to provide attractive well-maintained areas for active and passive leisure pursuits as well as to offer structured activities that are recreational, social, cultural, creative and physical in nature. The Department consists of three divisions: Administration-Recreation, Park Maintenance and Facilities.

The Department operates and maintains 23 parks and playgrounds totaling over 650 acres. The Town Green at Alumni Park serves as a focal point for Main Street with a basketball court, walkways, sculpture and the newly constructed gazebo. The Town has available nine picnic pavilions throughout Town parks. Martin Park has a pool and wading area, playscape, restroom facilities, three historic buildings, youth football field, two basketball courts, skatepark and one baseball stadium. The Department also maintains 5 other baseball fields (one lighted), 8 softball (one lighted), 9 soccer fields, 8 little league fields, 2 football and 2 flag football fields. Besides the playscape mentioned above, the Department has installed and maintains 11 additional playscapes. Swimmers may use 5 outdoor pools, two indoor pools and two wading pools. Winter sports enthusiasts enjoy sledding at the Veteran's Memorial Clubhouse hill. Tennis players can play on 6 lighted courts. Basketball players can play on 17 courts (6 lighted). The Town provides walkers with 2 nature areas, 1 wildlife area and an 18-hole public golf course on 102 acres. A boat launch facility, a linear park trail and amphitheatre offer diversions along the Connecticut River at Great River Park. The Hockanum River Linear Park Trail connects the Connecticut River with the Hockanum River up to Labor Field. Plans to extend the trail beyond Mayberry Village are underway. Rental facilities for various receptions and events are held at Veterans Memorial Clubhouse and the historic Selden Brewer House. The jewel of the Department is the East Hartford Community Cultural Center (the "EHCCC"), formerly Center School, which hosts concerts and cultural events throughout the year. At EHCCC classes are held by MCC as well as being home to the non-profit Circle of Life Arts for All and 24 studio apartments for artists.

Recycling: East Hartford's goal is to recycle 25% of waste generated from within the Town. To reach this goal, the materials designated for recycling are glass, metal and # 1 and # 2 plastic food and beverage containers, newspaper, cardboard, scrap metal, leaves, auto batteries, office paper and waste oil.

The Town presently recycles all of the designated materials. Waste oil and auto batteries are collected at the municipal landfill-garage on Ecology Drive off Burnside Avenue. High-grade office paper is collected in eighteen municipal buildings including Town Hall, the Police Station, Fire Headquarters and all public schools. Scrap metal, tires, brush and leaves are also collected at the Ecology Drive Site. The Town contracts with a private firm to collect the following items weekly at curbside from Town residences: glass, metal and #1 and #2 plastic food and beverage containers, newspaper and card board. In addition, the State container deposit law supplements municipal recycling.

Municipal recycling efforts to date have developed an infrastructure from which current programs may expand and new areas of recycling can begin. For example, the collection of residentially generated junk mail has recently begun.

On July 1, 2010, the Town converted to single stream recycling for all residents. In order to make the conversion, the Town provided a single 90 gallon recycling roll away container to each resident (a total of approximately 17,000 containers) and they now accept a wide variety of plastic and paper products for recycling. Using automated trucks, the containers are picked up curbside every other week. This has resulted in dramatic increases in the amount of tonnage being recycled which benefits the waste stream as those tons are removed from incineration, thereby avoiding the \$69 per ton tipping fee. The Town is projected to save approximately \$150,000 per fiscal year based on this trend.

Solid Waste: The Town has executed a Service Contract (the "Service Contract") with Covanta for disposal of solid waste. The Service Contract became effective in mid-November 2012 and will remain in effect for three years. The contract also contains an ability to extend the contract for two more three year periods or a total of nine years.

The Town of East Hartford contemplates delivering 14,500 tons per year of solid waste for processing at a rate of \$59 per ton. The annual rate will increase by the rate of inflation with such increase being no lower than 1.5% and no higher than 2.5% per year.

Water Services: Water is provided by the Metropolitan District Commission on a user fee basis.

Electric Services: The Connecticut Light and Power Company, a subsidiary of Northeast Utilities, provides electric service.

Financial Institutions: The Town has 11 financial institutions available to residents including 4 credit unions which are: American Eagle Federal Credit Union, Connecticut Natural Gas Federal Credit Union, East Hartford Federal Credit Union and First New England Federal Credit Union. In addition, there are 7 financial institutions which include: Bank of America, First Niagara Bank, People’s United Bank, Sovereign Bank, TD Bank, Webster Bank and Wells Fargo Bank.

Education: The Town of East Hartford public school system provides comprehensive educational programs to students in grades kindergarten through grade twelve as well as a comprehensive program of special education courses and extracurricular activities. The schools are governed by a nine-member Board of Education.

The Town's school system consists of ten elementary schools for pupils in grades K through 6; one school which contains a Head-Start/Pre K program; one elementary school for alternative education (TEP); one elementary school for pupils in grades 4 through 6; one middle school for pupils in grades 6-8; one middle school for pupils in grades 7-8 and four high schools for pupils in grades 9-12.

Educational Facilities

<u>School</u>	<u>Grades</u>	<u>Date Occupied</u>	<u>Date of Renovations</u>	<u>Number of Classrooms</u>	<u>Enrollment 10/1/2012</u>	<u>Capacity</u>
Barnes Magnet School (1)	K-6	1957	1965	15	124	375
Goodwin	K-6	1968		23	314	575
Hockanum	K-6	1949	1952	23	293	575
Langford	K-6	1972	1998	29	388	725
Mayberry	K-6	1959	1996	26	371	650
Norris	K-6	1957	1962, 1996	21	281	525
O’Brien	K-6	1961	1962, 1967	29	508	725
O’Connell	K-6	1959	1967	26	504	650
Pitkin	K-6	1966		23	323	575
Silver Lane	K-6	1928	1955, 1998	21	278	525
Woodland (2)	TEP	1929	1949	19	189	475
Willowbrook	Head Start/Pre-K	1955		12	252	380
Sunset Ridge	4-6	1949	1951, 2000	30	308	750
East Hartford Middle School	6-8	1954	1959, 1968, 1972	52	1,045	1,350
Two Rivers Magnet School (3)	7-8	2002		35	185	620
Connecticut International Great Path Academy At MCC (4)	9-12	2008		16	45	620
Baccalaureate Academy Magnet School (5)	9-12	2004		16	188	400
Stevens – Synergy Alternative High School	9-12	1966		15	175	375
East Hartford High School	9-12	1962	1963, 1968, 1972, 2003	126	1,663	3,150
					<u>7,434</u>	<u>14,020</u>

- (1) Serves East Hartford and Glastonbury students. Table reflects East Hartford students only.
- (2) Open Choice, outplaced students.
- (3) Serves East Hartford, Glastonbury, Hartford, Manchester and South Windsor students. Table reflects East Hartford students only.
- (4) Serves East Hartford, Bolton, Coventry, Ellington, Glastonbury, Hartford, Manchester and Tolland students. Table reflects East Hartford students only.
- (5) Serves East Hartford, Bolton, Ellington, Hartford, Manchester, Andover, Hebron, Marlborough, Somers and Vernon students. Table reflects East Hartford students only.

School Enrollments

<u>As of October 1</u>	<u>K-6</u>	<u>7 - 8</u>	<u>9 - 12</u>	<u>Miscellaneous</u>	<u>Total</u>
2003-04	4,020	1,214	2,468	350	8,052
2004-05	3,820	1,247	2,512	818	8,397
2005-06	4,016	1,196	2,471	708	8,391
2006-07	4,053	911	2,426	710	8,100
2007-08	3,866	936	2,035	718	7,555
2008-09	3,822	897	2,011	733	7,463
2009-10	3,814	906	2,085	719	7,524
2010-11	3,688	1,021	1,941	773	7,423
2011-12	3,810	950	2,160	319	7,239
2012-13	3,832	1,125	2,158	319	7,434

Projected Enrollments (1)

<u>As of October 1</u>	<u>K-6</u>	<u>7 - 8</u>	<u>9 - 12</u>	<u>Miscellaneous</u>	<u>Total</u>
2013-14	3,720	932	2,106	319	7,077
2014-15	3,724	930	2,098	322	7,074
2015-16	3,708	917	2,065	320	7,010
2016-17	3,696	909	2,051	318	6,974

(1) Projections do not include Magnet School students. For school year 2012-13 there were 354 East Hartford students attending Magnet Schools.

Source: Superintendent's Office, Town of East Hartford Public Schools.

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Municipal Employment

<u>Fiscal Year</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Board of Education	1,166	1,166	1,194	1,244	1,197
General Government	487	487	481	491	507
Total	<u>1,653</u>	<u>1,653</u>	<u>1,675</u>	<u>1,735</u>	<u>1,704</u>

Source: Town Officials

Municipal Employees by Category

<u>Department</u>	<u>Number of Employees</u> ⁽¹⁾
<u>General Government</u>	
Administration	49
Police	169
Public Works	69
Inspection and Permits	11
Civil Preparedness	1
Fire	132
Library	14
Parks and Recreation	24
Youth Services	5
Health and Social Services	13
Subtotal	<u>487</u>
<u>Board of Education</u>	
Administration and Principals	45
Teachers	613
Other (1)	508
Subtotal	<u>1,166</u>
Total Town Employees	<u>1,653</u>

(1) Includes full and permanent part time.

Source: Town Officials

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Municipal Employees Bargaining Organizations

<u>Employees</u>	<u>Organization</u>	<u>Number of Employees Covered</u>	<u>Current Contract Expiration Date</u>
General Government			
Clerical	East Hartford Municipal Employees Union, CEA	93	6/30/2013
Firefighters	International Firefighters	128	6/30/2011 (1)
Police	East Hartford Police Officers Association	122	6/30/2012 (1)
Public Works	AFSCME Local 1174	59	6/30/2012 (1)
Dispatchers	Teamsters Local 559	19	6/30/2013
Supervisors	AFSME Local 818	27	6/30/2012 (1)
Sub-Total		448	
Non-Union (2)		39	
	Subtotal - General Government	487	
Board of Education			
Teachers	East Hartford Education Association	613	6/30/2016
Administrators	East Hartford Educational Administrative Unit	45	6/30/2014
Custodial / Maintenance	AFSCME Local 1933, Council 4	71	6/30/2014
Office Employees / Information Technology / Security	AFSCME-AFL-CIO, Council 4, Local 2727	91	6/30/2014
Paraprofessionals	East Hartford Federation of Paraprofessionals	152	6/30/2015
Nurses	East Hartford Registered Nurses Association	19	6/30/2015
Behavioral Managers	AFSCME, Council 4, Local 1950	45	6/30/2014
Sub-Total		1,036	
Non-Union (3)		130	
	Subtotal -Board of Education	1,166	
	Total Town Employees	1,653	

(1) In negotiations.

(2) Does not include 17 elected officials and 270 part-time employees.

(3) Includes central office administrators, confidential secretaries, central office support personnel, crossing guards, tutors, LPNs and day care providers. Does not include substitute teachers.

Source: Town Officials.

Note: Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a through 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capabilities of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for the payment of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Economic Development

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. The total build out of the site is estimated to be upwards of 15 million square feet. The Town, together with the State of Connecticut and UTC, has been diligently working on the environmental impacts, and roads and infrastructure improvements needed to accommodate this project. In October 2007, Cabela's Outdoor Retail Store opened a new 185,000 square foot facility which continues to bring thousands of visitors to the area. In April 2008 Cabela's also opened a boat maintenance facility. The development is being undertaken in phases with final completion expected in 2023.

Goodwin College has recently completed its \$100+ million, 109,000 square foot administration/classroom building on the riverfront at 211 Riverside Drive. The Goodwin College Riverfront Campus, which seemingly has been transformed overnight from an oil tank farm to an architecturally-stunning flagship building, includes classrooms, laboratories, a library, an auditorium, a student lounge, and administrative offices. The Town of East Hartford has supported this development by securing numerous grants including EPA Brownfield Grants for Phase I and Phase II Environmental Site Assessments; a \$3 million grant from the Connecticut Development Authority; and a \$600,000 EPA grant for remediation and infrastructure investment.

The Goodwin College expansion continues with the construction of the 103,000 square foot CT River Academy Magnet High School well underway with the opening set for the fall of 2013. This 480-student, environmental studies high school is to be constructed at 1-5 Riverside Drive, and will serve grades 9-12.

Additional construction which is underway at Goodwin College includes the Goodwin College Early Childhood Magnet School. This 240-student, pre-kindergarten and kindergarten magnet school is being constructed on the site of Willowbrook School. Goodwin acquired this property from the Town of East Hartford for \$1,025,000 but will be leasing the existing Willowbrook School building back to the Town/Board of Education for \$1/year for up to 10 years. When completed, the Early Childhood Magnet School will be a 34,000 square foot, 1-story building.

The Pathways to Technology Magnet High School is being constructed on a site on Pent Road which Goodwin College has acquired from Pratt & Whitney. This advanced technology high school will house 400 students, grades 9-12, in an 80,000 square foot, 3-story building. Construction started in the summer of 2012 and will be completed by the summer of 2013.

An important example of the Town's commitment to redevelopment is the June 2010 opening of the 53,325 square foot, warehouse and 2 story office space facility at 71 George Street. The former building was destroyed by fire in late 2009. The Town worked tirelessly with the property owners – New Boston Fund – to see the building reconstructed in fewer than 6 months. The Town arranged weekly meetings with New Boston Fund, their design professional from Freeman Engineering, representatives from the Metropolitan District (MDC), Northeast Utilities, AT&T, and others to move the application smoothly through the permitting process so that this building could be approved and constructed in record time.

The new ShopRite of East Hartford opened its doors on June 27, 2010. The completely renovated, 60,000+ square foot store is conveniently located at 31 Main Street in the Putnam Bridge Plaza, and has a pharmacy, a wide array of grocery items and fresh produce, and a large variety of natural and organic products throughout the store.

On February 26, 2010, the new Hampton Inn and Suites Hotel at 351 Pitkin Street was officially opened. The 121-room hotel is located just minutes from Rentschler Field, the University of Connecticut's football stadium and is within walking distance to downtown Hartford. Hotel amenities include wired and wireless internet, an indoor swimming pool, a 24-hour fitness room and a business center.

In the summer of 2012, Kaoud Real Estate Development, LLC constructed a new, free-standing, 12,900 square foot CVS Pharmacy with a 1,700 square foot mezzanine and new parking field at the intersection of Silver Lane & Forbes Street. Also opening a retail pharmacy in the fall of 2012 was Rite Aid Drug Stores with a free standing building at the corner of Route 5 and School Street.

Plans for the following buildings have been approved by the Town's Planning and Zoning Board and include: General Dollar Store on Main Street, Farmington Savings Bank on Main Street, Onyx Moonshine Distillers on Park Avenue, United Steel's expansion on School Street, Goodwin College's Dental Hygienic School on Main Street, and an Auto Zone store at the corner on Main Street and Governor Street.

SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

<u>Year</u>	<u>Town of East Hartford</u>	<u>Hartford County</u>	<u>State of Connecticut</u>
1970	57,583	816,737	3,032,217
1980	52,563	807,766	3,107,576
1990	50,452	851,783	3,287,116
2000	49,575	857,183	3,405,565
2010	51,252	894,014	3,574,097

Source: U.S. Census Bureau.

Age Characteristics of Population

<u>Age</u>	<u>Town of East Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	3,339	6.5	50,688	5.7	202,106	5.7
5 - 9	3,212	6.3	55,456	6.2	222,571	6.2
10 - 14	3,245	6.3	59,734	6.7	240,265	6.7
15 - 19	3,496	6.8	61,684	6.9	250,834	7.0
20 - 24	3,286	6.4	55,702	6.2	227,898	6.4
25 - 34	7,252	14.1	109,685	12.3	420,377	11.8
35 - 44	6,879	13.4	118,796	13.3	484,438	13.6
45 - 54	7,637	14.9	141,254	15.8	575,597	16.1
55 - 59	3,187	6.2	59,788	6.7	240,157	6.7
60 - 64	2,674	5.2	51,108	5.7	203,295	5.7
65 - 74	3,607	7.0	63,753	7.1	254,944	7.1
75 - 84	2,361	4.6	43,629	4.9	166,717	4.7
85 and over	1,077	2.1	22,737	2.5	84,898	2.4
Total	<u>51,252</u>	<u>100.0</u>	<u>894,014</u>	<u>100.0</u>	<u>3,574,097</u>	<u>100.0</u>

Source: U.S. Census Bureau, Census 2010.

Selected Wealth and Income Indicators

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2010)</u>	<u>(2000)</u>	<u>(2010)</u>
Town of East Hartford	\$50,540	\$58,954	\$21,763	\$25,387
Hartford County	62,144	79,024	26,047	33,389
Connecticut	65,521	84,558	28,766	36,613
United States	49,600	62,735	21,690	27,158

Source: U. S. Census Bureau, American Community Survey, 2009-2011.

Income Distribution

	<u>Town of East Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ 0 to 9,999	930	7.3	8,560	3.8	30,321	3.4
10,000 to 14,999	479	3.8	6,458	2.8	20,207	2.2
15,000 to 24,999	1,134	8.9	13,324	5.9	48,201	5.3
25,000 to 34,999	1,068	8.4	15,398	6.8	58,835	6.5
35,000 to 49,999	1,747	13.7	24,918	11.0	90,972	10.1
50,000 to 74,999	2,376	18.7	39,174	17.2	147,948	16.4
75,000 to 99,999	2,305	18.1	34,216	15.1	134,851	14.9
100,000 to 149,999	2,020	15.9	45,083	19.8	185,568	20.5
150,000 to 199,999	324	2.5	20,343	9.0	86,104	9.5
200,000 or more	330	2.6	19,778	8.7	100,939	11.2
	<u>12,713</u>	<u>100.0</u>	<u>227,252</u>	<u>100.0</u>	<u>903,946</u>	<u>100.0</u>

Source: U. S. Census Bureau, American Community Survey, 2009-2011.

Educational Attainment
Years of School Completed, Age 25 & Over

	<u>Town of East Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	2,582	7.3	31,353	5.1	112,149	4.7
9th to 12th grade	3,695	10.5	44,196	7.2	167,250	7.0
High School Graduate	11,918	33.9	170,054	27.8	685,158	28.6
Some college - no degree	7,034	20.0	110,184	18.0	415,439	17.3
Associate degree	2,891	8.2	47,023	7.7	174,712	7.3
Bachelor's degree	4,884	13.9	119,375	19.5	476,316	19.9
Graduate or professional degree	2,134	6.1	88,682	14.5	367,259	15.3
Totals	<u>35,138</u>	<u>100.0</u>	<u>610,867</u>	<u>100.0</u>	<u>2,398,283</u>	<u>100.0</u>
Total high school graduate or higher		82.1%		87.6%		88.4%
Total bachelor's degree or higher		20.0%		34.1%		35.2%

Source: U. S. Census Bureau, American Community Survey, 2009-2011.

Employment by Industry

<u>Employment Sector</u>	<u>Town of East Hartford</u>		<u>Hartford County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, Forestry, Fishing, Hunting & Mining	7	0.0	1,203	0.3	6,539	0.4
Construction	605	2.4	20,461	4.7	101,094	5.8
Manufacturing	2,662	10.6	46,836	10.8	193,152	11.1
Wholesale Trade	1,062	4.2	10,534	2.4	43,227	2.5
Retail Trade	3,583	14.3	47,167	10.9	189,948	10.9
Transportation, Warehousing & Utilities	1,628	6.5	18,354	4.2	66,665	3.8
Information	766	3.1	10,491	2.4	42,113	2.4
Finance, Insurance & Real Estate	2,586	10.3	50,891	11.7	162,400	9.3
Professional, Scientific & Management	2,409	9.6	43,582	10.0	189,609	10.9
Educational Services & Health Care	5,556	22.2	111,221	25.6	459,714	26.3
Arts, Entertainment, Recreation & Food Services	2,122	8.5	34,693	8.0	144,326	8.3
Other Service (including nonprofit)	892	3.6	18,902	4.4	80,265	4.6
Public Administration	1,127	4.5	19,411	4.5	67,741	3.9
Total	<u>25,005</u>	<u>100.0</u>	<u>433,746</u>	<u>100.0</u>	<u>1,746,793</u>	<u>100.0</u>

Source: U. S. Census Bureau, American Community Survey, 2009-2011.

Major Employers

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Estimated Number of Employees</u>
United Technologies Corp., Pratt & Whitney Division (1)	Jet Engine Manufacturer	7,621
Town of East Hartford	Municipality	1,653
Bank of America	Financial Services	550
Coca-Cola Bottling Company	Beverage Mfg. and Distributor	546
Goodwin College	Education Institution	483
United Technologies Corp.	Research Laboratory	477
Riverside Health Center	Medical Care and Rehabilitation	448
CT Department of Information Technology	State of Connecticut	397
Cabela's	Outdoor Experience Retail	299
CSC Financial, Inc.	Software Services	297
Connecticut Natural Gas (CNG)	Energy Utility	270
BKM Total Office	Office Furniture Retailer	224
CT Judicial Department	State of Connecticut	145
United Steel	Steel Manufacturer	127
Cellu-Tissue	Paper Manufacturer	98

- (1) On January 15, 2013 Pratt & Whitney announced the lay-offs of 200 salaried employees in Connecticut as part of a larger, company-wide lay-off of approximately 350 salaried employees. The distribution of the layoffs between Pratt & Whitney's East Hartford and Middletown, CT facilities is not known at this time. The January announcement follows a December 5, 2012 announcement of the lay-off of 80 hourly workers and the elimination of 20 hourly positions through buyouts.

Source: Commissioner of Planning and Development, Town of East Hartford

Unemployment Rate Statistics

<u>Yearly Average</u>	<u>Town of East Hartford</u>	<u>Hartford Labor Market</u>	<u>State of Connecticut</u>	<u>United States</u>
2002	6.1%	4.5%	4.3%	5.8%
2003	7.4%	5.9%	5.5%	5.8%
2004	6.4%	5.2%	4.9%	5.5%
2005	6.7%	5.1%	4.9%	5.1%
2006	5.6%	4.4%	4.6%	4.6%
2007	5.9%	4.7%	4.5%	4.6%
2008	7.2%	5.9%	5.8%	5.8%
2009	10.3%	8.1%	8.0%	9.3%
2010	11.5%	9.1%	9.0%	9.6%
2011	11.5%	8.9%	8.8%	9.0%
<u>2012 Monthly</u>				
January	10.7%	8.4%	8.5%	8.8%
February	10.1%	8.1%	8.2%	8.7%
March	9.9%	8.1%	8.1%	8.4%
April	9.5%	7.4%	7.5%	7.7%
May	10.1%	8.0%	8.0%	7.9%
June	10.8%	8.5%	9.4%	8.4%
July	12.3%	9.4%	9.3%	8.6%
August	12.3%	9.4%	9.2%	8.2%
September	10.5%	8.2%	8.2%	7.6%
October	10.7%	8.6%	8.6%	7.5%
November	10.2%	8.2%	8.3%	7.4%
December	9.4%	7.8%	7.8%	7.6%

Source: State of Connecticut, Department of Labor.

Number and Value of Building Permits

Fiscal Year	Residential		Commercial/ Industrial		All Other		Total	
	Permits	Value	Permits	Value	Permits	Value	Permits	Value
2012	1,963	\$ 10,640,581	526	\$ 67,462,166 (1)	338	\$ 2,191,282	2,827	\$ 80,294,029
2011	533	7,500,000	101	25,500,000	1,497	14,967,143	2,131	47,967,143
2010	751	4,250,000	151	17,057,162	2,102	8,300,000	3,004	29,607,162
2009	616	8,575,988	134	28,909,091	1,671	6,143,072	2,421	43,628,151
2008	751	24,060,137	209	56,622,345	1,557	22,600,158	2,517	103,282,640

(1) Includes \$56.8 million for three (3) Magnet Schools and improvements at Goodwin College.

Source: Building Department, Town of East Hartford.

Number of Dwelling Units

2010	2000	1990	1980	% Increase 2000-2010	% Increase 1980-2010
21,328	21,273	21,274	20,210	0.3%	5.5%

Source: U.S. Census Bureau

Characteristics of Housing Units (Owner Occupied)

Value of Owner Occupied Units	Town of East Hartford		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000	554	5.9	4,642	2.0	17,014	1.8
50,000 to 99,999	454	4.9	5,208	2.3	21,317	2.3
100,000 to 149,999	1,877	20.1	18,017	7.8	58,439	6.3
150,000 to 199,999	1,981	21.2	45,601	19.8	129,744	14.0
200,000 to 299,999	3,837	41.1	83,880	36.4	274,604	29.6
300,000 to 499,999	458	4.9	56,337	24.5	262,712	28.3
500,000 to 999,999	171	1.8	14,610	6.3	120,493	13.0
1,000,000 and over	0	0.0	2,054	0.9	43,470	4.7
Total	9,332	100.0	230,349	100.0	927,793	100.0
Median Value	\$181,800		\$245,800		\$285,600	

Source: U. S. Census Bureau, American Community Survey, 2009-2011.

Age Distribution of Housing

Year Structure Built	Town of East Hartford		Hartford County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	3,513	16.6	76,503	20.4	342,759	23.0
1940 to 1949	2,410	11.4	32,697	8.7	104,220	7.0
1950 to 1959	5,050	23.9	67,207	17.9	229,476	15.4
1960 to 1969	4,271	20.2	53,820	14.4	201,661	13.5
1970 to 1979	2,507	11.9	48,568	13.0	201,264	13.5
1980 to 1989	2,210	10.5	49,246	13.1	195,577	13.1
1990 to 1999	761	3.6	23,060	6.2	108,904	7.3
2000 to 2004	113	0.5	13,433	3.6	61,616	4.1
2005 or later	271	1.3	9,984	2.7	43,798	2.9
Total housing units	21,106	100.0	374,518	100.0	1,489,275	100.0

Source: U. S. Census Bureau, American Community Survey, 2009-2011.

Breakdown of Land Use

Category	Total Area	
	# of Acres	% of Total
Residential	4,343	36.2
Commercial	977	8.1
Industrial	1,474	12.3
Institutional (Town, Federal, State, Utility)	1,739	14.5
Other (Roads, Rail Road, Parking)	1,951	16.2
Open Land (Parks, Recreation Areas, Cemetery, Agriculture)	527	4.4
Vacant Land	1,002	8.3
Total	12,013	100.0

Source: Assessor's Office.

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SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit (In Thousands)

As of February 26, 2013 (Pro Forma)

Total fiscal year 2012 tax collections (including interest and lien fees)	\$ 106,790,000
State Reimbursement for Revenue Loss on Tax Relief for the Elderly	<u>6,000</u>
Base for Establishing Debt Limit	<u><u>\$ 106,796,000</u></u>

Debt Limit

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Past Pension	Total Debt
(2.25 times base)	\$ 240,291,000					
(4.50 times base)		\$ 480,582,000				
(3.75 times base)			\$ 400,485,000			
(3.25 times base)				\$ 347,087,000		
(3.00 times base)					\$ 320,388,000	
(7.00 times base)						\$ 747,572,000
Indebtedness (Including The Bonds and Notes)						
Bonds Payable	\$ 41,831,000	\$ 1,725,000	\$ -	\$ 74,000	\$ -	\$ 43,630,000
The Bonds (<i>This Issue</i>)	11,683,000	547,000	-	-	-	12,230,000
The Refunded Bonds	(12,240,000)	(585,000)	-	-	-	(12,825,000)
Authorized but Unissued	<u>26,100,000</u>	<u>6,115,680</u>	-	-	-	<u>32,215,680</u>
Gross Direct Debt	67,374,000	7,802,680	-	74,000	-	75,250,680
Overlapping Debt (1)	-	-	56,549,615	-	-	56,549,615
Less receivables:						
School grants receivable (2)	<u>-</u>	<u>(4,173,787)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,173,787)</u>
Total Net Direct and Overlapping Debt	<u>67,374,000</u>	<u>3,628,893</u>	<u>56,549,615</u>	<u>74,000</u>	<u>-</u>	<u>127,626,508</u>
Excess of Limit Over Outstanding and Authorized Debt	<u><u>\$ 172,917,000</u></u>	<u><u>\$ 476,953,107</u></u>	<u><u>\$ 343,935,385</u></u>	<u><u>\$ 347,013,000</u></u>	<u><u>\$ 320,388,000</u></u>	<u><u>\$ 619,945,492</u></u>

(1) As of December 31, 2012. See "Overlapping Debt" herein.

(2) Proportional progress payment grants receivable on the school building construction projects approved after July 1, 1996 (See "School Projects" herein).

Source: Town Officials

Calculation of Net Direct Indebtedness

As of February 26, 2013 (Pro Forma)

Long-Term Indebtedness (1)	
The Bonds (<i>This Issue</i>)	\$ 12,230,000
The Refunded Bonds	(12,825,000)
General Purpose	41,831,000
Schools	1,725,000
Urban Renewal	74,000
Total Long-Term Indebtedness	<u>43,035,000</u>
Short-Term Indebtedness	-
Total Direct Indebtedness	43,035,000
Exclusions: School grants receivable	-
Total Net Direct Indebtedness	<u>43,035,000</u>
Net Overlapping Debt:	
Metropolitan District Commission (2)	56,549,615
Total Net Direct and Net Overlapping	<u><u>\$ 99,584,615</u></u>

(1) Excludes authorized but unissued debt of \$32,215,680.

(2) See "Overlapping Indebtedness" herein.

Current Debt Ratios

As of February 26, 2013 (Pro Forma)

Total Direct Indebtedness (1)	\$ 43,035,000
Net Direct Indebtedness (1)	\$ 43,035,000
Total Net Direct and Net Overlapping Indebtedness (1)	\$ 99,584,615
Population (2)	51,252
Net Taxable Grand List (10/1/11)	\$ 2,695,242,754
Estimated Full Value	\$ 3,850,346,791
Equalized Net Taxable Grand List (2010) (3)	\$ 3,966,619,309
Per Capita Income (2010) (4)	\$ 25,387

Total Direct Indebtedness:

Per Capita	\$839.67
To Net Taxable Grand List	1.60%
To Estimated Full Value	1.12%
To Equalized Net Taxable Grand List	1.08%
Per Capita to Per Capita Income	3.31%

Total Net Direct Indebtedness:

Per Capita	\$839.67
To Net Taxable Grand List	1.60%
To Estimated Full Value	1.12%
To Equalized Net Taxable Grand	1.08%
Per Capita to Per Capita Income	3.31%

Total Net Direct and Net Overlapping Indebtedness:

Per Capita	\$1,943.04
To Net Taxable Grand List	3.69%
To Estimated Full Value	2.59%
To Equalized Net Taxable Grand List	2.51%
Per Capita to Per Capita Income	7.65%

(1) Excludes Refunded Bonds, includes the Bonds.

(2) U.S. Census Bureau, Census 2010

(3) Office of Policy and Management, State of Connecticut.

(4) U.S. Census Bureau of Census, American Community Survey, 2009-2011.

Historical Debt Statement

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Population (1)	51,252	51,252	51,252	48,555	48,583
Net taxable grand list	\$ 3,095,300,382	\$ 3,092,179,605	\$ 3,103,953,343	\$ 3,099,336,365	\$ 2,724,581,000
Estimated full value	\$ 4,421,857,689	\$ 4,417,399,436	\$ 4,434,219,061	\$ 4,427,623,379	\$ 3,892,258,571
Equalized net taxable grand list (2)	\$ 3,966,619,309	\$ 4,288,594,846	\$ 4,390,028,134	\$ 4,904,766,424	\$ 4,051,722,914
Per capita income (3)	\$ 25,387	\$ 25,387	\$ 25,387	\$ 21,763	\$ 21,763
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	\$ <u>45,865,000</u>	\$ <u>41,225,000</u>	\$ <u>47,400,000</u>	\$ <u>45,150,000</u>	\$ <u>51,170,000</u>
Total Direct Indebtedness	\$ 45,865,000	\$ 41,225,000	\$ 47,400,000	\$ 45,150,000	\$ 51,170,000
Net Direct Indebtedness	\$ 45,865,000	\$ 41,225,000	\$ 47,400,000	\$ 45,150,000	\$ 51,146,910
Net Direct and Net Overlapping Indebtedness	\$ 94,139,000	\$ 74,513,000	\$ 72,443,737	\$ 62,041,330	\$ 65,173,910

(1) U.S. Census Bureau

(2) Office of Policy and Management, State of Connecticut

(3) U.S. Census Bureau, American Community Survey, 2009-2011.

Historical Debt Ratios

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Total Direct Indebtedness:					
Per capita	\$894.89	\$804.36	\$924.84	\$929.87	\$1,053.25
To net taxable grand list	1.48%	1.33%	1.53%	1.46%	1.88%
To estimated full value	1.04%	0.93%	1.07%	1.02%	1.31%
To equalized net taxable grand list	1.16%	0.96%	1.08%	0.92%	1.26%
Debt per capita to per capita income	3.53%	3.17%	3.64%	4.27%	4.84%
Net Direct Indebtedness:					
Per capita	\$894.89	\$804.36	\$924.84	\$929.87	\$1,052.77
To net taxable grand list	1.48%	1.33%	1.53%	1.46%	1.88%
To estimated full value	1.04%	0.93%	1.07%	1.02%	1.31%
To equalized net taxable grand list	1.16%	0.96%	1.08%	0.92%	1.26%
Debt per capita to per capita income	3.53%	3.17%	3.64%	4.27%	4.84%
Net Direct and Net Overlapping Indebtedness:					
Per capita	\$1,836.79	\$1,453.86	\$1,413.48	\$1,277.75	\$1,341.50
To net taxable grand list	3.04%	2.41%	2.33%	2.00%	2.39%
To estimated full value	2.13%	1.69%	1.63%	1.40%	1.67%
To equalized net taxable grand list	2.37%	1.74%	1.65%	1.26%	1.61%
Debt per capita to per capita income	7.24%	5.73%	5.57%	5.87%	6.16%

Outstanding Short-Term Indebtedness

The Town currently has no outstanding short-term indebtedness.

Overlapping Debt

The Town is a member of the Metropolitan District Commission (the "MDC"), a special district in Hartford County, formed under State statutes to provide water and sanitary sewer services to its eight member towns. Water services are provided directly by the MDC and billed to the users. As of December 31, 2012, the net outstanding debt of the MDC was \$491,308,556 of which the Town of East Hartford is responsible for \$56,549,615 or 11.51%.

The MDC was cited by the U.S. Environmental Protection Agency (USEPA) and the United States Department of Justice (USDOJ) for overflows for the sewer systems in West Hartford, Newington, Wethersfield, Rocky Hill and Windsor. The MDC was fined \$850,000 and signed a Consent Decree to cease all overflows by 2020. The MDC also negotiated a Consent Order with the Connecticut Department of Environmental Protection (CTDEP) to control the Combined Sewer Overflows ("CSO") located in the Hartford sewer system by 2022.

The MDC has conducted studies of the CSO under the direction of the CTDEP. A plan for abating these pollution sources, called the Clean Water Project, has been prepared by consultants to the MDC. The plan combines several abatement strategies including: new sewers, removal of storm water flows during storm events, and creating additional treatment capacity. Completion of these system improvements will require a construction program of at least 15 years.

On November 6, 2012, voters in the eight member towns overwhelmingly approved a referendum authorizing the MDC to appropriate \$800 million to be financed by the issuance of bonds. This bond authorization is coupled with a 2006 authorization for an initial \$800 million. The MDC is pursuing state funding from the Clean Water Fund and federal funding from Congress to assist with the cost of the project. The total cost for the program is expected to be in excess of \$2.1 billion and a future authorization from the voters will be required. The MDC has adopted a special sewer service charge for customers who utilize the District's sewer system and are furnished water directly by the MDC. The proceeds from the special service charge shall be used exclusively for the payment of the principal and interest on certain bonds issued or which may be issued and other loans, including State of Connecticut Clean Water Fund loans, to finance all costs associated with the Clean Water Project. Bonds and other loans used to finance the Clean Water Project that are supported by the special sewer service charge will not be included in the calculation of overlapping debt since they are not supported by the ad valorem taxes of the Town.

Underlying Debt

The Town has no underlying debt.

Capital Leases

The Town has entered into various multi-year capital lease agreements for the purchase of various capital items including public works equipment, vehicles, energy efficiency equipment and technology and computer hardware and software. As of June 30, 2012 the principal amount of outstanding leases is \$14,503,000. For the Fiscal Year 2012-13 Adopted Budget the Town has budgeted \$1,323,619 in annual lease payments with additional amounts for the Board of Education's debt burden budgeted on their books. Lease payments are not included in outstanding bonded debt herein.

Legal Requirements for Approval of Borrowing

Under Chapter VI, Section 6.9 of the Town Charter, bonds are authorized by resolution adopted by the Town Council in the same manner as for the adoption of ordinances. Bonds in excess of one hundred fifty thousand dollars require approval by referendum vote. At least one public hearing, notice of which shall be given at least five days in advance by publication in a newspaper having a circulation in Town, and by posting the resolution in a public place, shall be held by the Town Council before any resolution shall be passed. Within ten days after final passage, all resolutions shall be published at least once in their entirety. Refunding bonds only need to be approved by the Town Council

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of State and/or Federal grants. If written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

School Projects

Pursuant to Public Act No. 97-11, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. Debt service reimbursement will continue under the prior program for all projects approved prior to July 1, 1996. Under the prior program, the State of Connecticut will reimburse the Town for a portion of principal and interest costs for eligible school construction projects over the life of outstanding bonds and the subsequent bond issues necessary to completely fund school projects.

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during construction phases of the project. Under this method of reimbursement, municipalities will only bond for their net share of project costs. The following projects will be reimbursed under this method:

Project	Total Appropriation	Estimated Eligible Costs (1)	Estimated Reimbursement Rate (%)	Total Estimated Grant ⁽¹⁾
Various BOE Improvements	\$ 2,735,000	\$ 2,548,605	75.00	\$ 1,940,341
East Hartford Middle School Window Wall	5,700,000	5,420,000	75.00	4,063,477
Total	\$ 8,435,000	\$ 7,968,605		\$ 6,003,818

(1) Eligible costs to be determined during the course of the project. Subject to change and final audit.

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Authorized but Unissued Debt

<u>Project</u>	<u>Amount of Total Appropriation</u>	<u>Grants Received to date</u>	<u>Bonds Issued/ Paydowns</u>	<u>Authorized But Unissued Debt</u>
East Hartford Middle School Improvements (1)	\$ 5,731,339	\$ 2,445,420	\$ 3,226,000	\$ 59,919
East Hartford High School Renovations & Improvements (1)	11,640,000	7,184,239	4,100,000	355,761
Raymond Library Improvements	2,100,000	-	-	2,100,000
Road Improvements 2010	10,000,000	-	3,000,000	7,000,000
Flood Control System Improvements 2011	7,000,000	-	-	7,000,000
Road Improvements 2012	10,000,000	-	-	10,000,000
East Hartford Middle School Window Wall (2)	5,700,000	-	-	5,700,000
Total All Projects	<u>\$ 52,171,339</u>	<u>\$ 9,629,659</u>	<u>\$ 10,326,000</u>	<u>\$ 32,215,680</u>

- (1) Project audit is complete. The Town does not expect to receive additional grants nor issue future debt for this project.
- (2) The Town expects to receive approximately \$4,060,000 in school construction grants for this project which will reduce the authorized but unissued debt by a similar amount. See "School Projects" herein.

Capital Improvement Program

The Town administration and Town Council has adopted the Town's Five Year Capital Plan. The objectives of the Plan are to stabilize the Town's debt service requirements, to reduce total indebtedness over a five year period and to prioritize with affordable guidelines. The Mayor's Five Year Capital Plan for fiscal years 2013-2017 recommends spending a total of \$146,461,977 for public works, parks and recreation, and other general purpose projects from a variety of financing sources including annual operating appropriations, state and federal grants and bonded debt. A copy of the Plan is available from the Director of Finance.

Future Capital Project Financing

In addition to the capital improvements included in the Mayor's Five Year Capital Plan for fiscal years 2012-2016, voters of the Town in November of 2012 approved a bond referenda items for \$10,000,000 for the planning design, and reconstruction of Town roads and \$5,700,000 for the replacement of a window wall at the middle school.

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Combined Schedule of Long Term Debt through Maturity
As of February 26, 2013 (Pro Forma)

Fiscal Year	Principal Payments ^(1,2)	Interest Payments	Total Payments ^(1,2)	Refunded Bonds Principal Payments	The Bonds Principal Payments	Principal All Issues ^(1,3)
2013	\$ 6,280,000	\$ 1,539,381	\$ 7,819,381	\$ -	\$ -	\$ 6,280,000
2014	6,730,000	1,322,756	8,052,756	(1,250,000)	1,030,000	6,510,000
2015	6,810,000	1,094,719	7,904,719	(1,250,000)	1,110,000	6,670,000
2016	4,175,000	870,163	5,045,163	(1,255,000)	1,110,000	4,030,000
2017	4,080,000	745,469	4,825,469	(1,260,000)	1,210,000	4,030,000
2018	4,230,000	613,994	4,843,994	(2,360,000)	2,290,000	4,160,000
2019	3,300,000	469,306	3,769,306	(1,425,000)	1,365,000	3,240,000
2020	3,330,000	341,931	3,671,931	(1,425,000)	1,375,000	3,280,000
2021	2,230,000	234,856	2,464,856	(325,000)	355,000	2,260,000
2022	2,225,000	158,547	2,383,547	(325,000)	360,000	2,260,000
2023	850,000	103,063	953,063	(325,000)	350,000	875,000
2024	325,000	68,656	393,656	(325,000)	345,000	345,000
2025	325,000	55,250	380,250	(325,000)	340,000	340,000
2026	325,000	41,438	366,438	(325,000)	335,000	335,000
2027	325,000	27,625	352,625	(325,000)	330,000	330,000
2028	325,000	13,813	338,813	(325,000)	325,000	325,000
Total	\$ 45,865,000	\$ 7,700,966	\$ 53,565,966	\$ (12,825,000)	\$ 12,230,000	\$ 45,270,000

(1) Includes \$2,235,000 in principal payments made as of February 26, 2013.

(2) Includes the Refunded Bonds, does not include the Bonds.

(3) Includes the Bonds, does not include Refunded Bonds.

Source: Town annual audit reports, Town Finance office.

SECTION V - FINANCIAL DATA

Accounting Policies

The Town's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements in Appendix A.

Basis of Accounting

See Note 1 of "Notes to Financial Statements" in Appendix A.

Audit

Pursuant to the provisions of the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes) and the Town of East Hartford Charter, the Town is obligated to undergo an annual examination by an independent certified public accountant. The independent auditors are required to conduct their examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, who receives a copy of said Audit Report when completed. Currently, the Town retains Blum, Shapiro and Company, P.C. of West Hartford, Connecticut as outside independent auditors.

The most recent annual audit covers the fiscal year ended June 30, 2012, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are the Town's Basic Financial Statements, Notes to the Financial Statements and Required Supplemental Information, together with the report of the independent auditor as prepared by Blum, Shapiro and Company, P.C, Independent Certified Public Accountants. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Certificate of Achievement for Excellence in Financial Reporting

The Town has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA") of the United States and Canada for its comprehensive annual financial reports for fiscal years ended June 30, 1979 through 2011. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted audited standards. The reports also contain a wide variety of information useful in evaluating the financial condition of a government and conforms to certain generally accepted terminology and formatting standards established for the Certificate Program.

Budgetary Procedures

The following is the new budgetary sequence and time schedule required by the recent revisions to the Town Charter:

During the month of December the Town's departments and commissions receive their budget preparation forms.

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 23rd, 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 hearing 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 are 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 will become the budget for the next fiscal year.

Employee Pension Systems

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 Plan is managed by a retirement board consisting of five members. The board serves as trustee of the funds. The Town of East Hartford Retirement System covers all full-time police, firefighter, and general employees of the Town and full-time paraprofessionals and non-certified Board of Education employees. All certified Board of Education employees participate in the State of Connecticut Teachers' Retirement System. The Town's most recent actuarial valuation was as of July 1, 2012 and as of that date plan membership was 1,318 members. According to the July 1, 2012 valuation the Town's Actuarially Required Contribution for fiscal year 2013-14 is expected to increase to \$10.6million.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/2008	\$ 183,322,948	\$ 238,447,108	\$ 55,124,160	76.88%	\$ 41,999,725	131.25%
7/1/2009	170,922,522	250,681,901	79,759,379	68.18%	41,055,544	194.27%
7/1/2010	173,764,491	261,203,500	87,439,009	66.52%	41,404,040	211.18%
7/1/2011	181,960,000	269,047,000	87,087,000	67.63%	42,374,000	205.52%
7/1/2012	187,259,431	293,102,597	105,843,166	63.89%	41,559,496	254.68%

Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2009	\$ 7,407,015	\$ 7,407,015	100.0%
2010	8,188,649	8,188,649	100.0%
2011	8,434,252	8,434,252	100.0%
2012	9,206,982	9,206,982	100.0%
2013 (1)	9,330,687	9,330,687	100.0%

(1) Adopted Budget.

The Town has negotiated with all bargaining units except the International Firefighters, East Hartford Police Officers Association, Teamsters Local 559 (Dispatchers), East Hartford Federation of Paraprofessionals and East Hartford Education Association (Teachers) the mandatory participation of all employees hired or vested after January 1, 2006 in a Defined Contribution 401(a) Plan (the "DC Plan"). Employees hired prior to January 1, 2006 may make an irrevocable election to transfer their account balance under the Town's Retirement Plan to the DC Plan. The Town and plan members are both required to make contributions. Immediately upon commencing participation in the DC Plan, each participant shall contribute 6% of compensation and the Town shall contribute an additional 3%. Participants are always 100% vested in their employee contribution account. Participants interest in employer contributions are vested after 5 years of service.

For further details on the plans, see Appendix A, "Notes to Financial Statements".

Other Post Employment Benefits

The Town, in accordance with various collective bargaining agreements, is committed to provide health and life insurance benefits to eligible retirees and their spouses. The benefits are established and amended through negotiations between the Town and the various unions representing the employees. The Town pays the full cost of life insurance premiums. The percentage contribution of employees and retirees for medical benefits are negotiated with various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified percentages towards cost of receiving benefits under the Town's self-insured medical benefits program. As of July 1, 2011 there were a total of 2,563 retirees and spouses receiving benefits.

In June 2008 the Town adopted Ordinance 10-52, *Retiree Benefit Trust Fund*, which provided for the future establishment of a Retiree Benefit Trust Fund ("RBTF") to provide funds to meet the long-term obligations of the providing benefits to retired town employees. The ordinance provides that if the Town's General Fund undesignated fund balance exceeds eight percent of the total budget appropriations, the budget surplus in such fiscal year shall be appropriated to the RBTF. In May 2009 the Town formally established the RBTF and appropriated \$2,380,000 in fiscal year 2008-09 to the fund in accordance with the ordinance. In January of 2013, based on the requirements of the ordinance, the Town will make an additional \$1,143,680 contribution to the OPEB Trust which represents the excess over 8% of the Town's undesignated Fund Balance at June 30, 2012.

The following presents historical information regarding the post-employment benefit funding. The Town's most recent valuation was July 1, 2011. Please see "Appendix A - Financial Statements" herein for more information regarding the Town's OPEB liabilities.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
7/1/2007	\$ -	\$ 128,765,000	\$ 128,765,000	0.00%	N/A	N/A
7/1/2009	2,404,000	129,899,000	127,495,000	1.85%	N/A	N/A
7/1/2011	525,000	148,883,000	148,358,000	0.35%	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2009	\$ 10,767,000	\$ 6,746,000	62.65%
2010	11,189,000	6,285,000	56.17%
2011	10,857,000	4,946,330	45.56%
2012	11,284,000	4,666,000	41.35%
2013 (1)	12,935,000	5,500,000	42.52%

(1) Adopted budget.

Investment Policies and Procedures

Under Connecticut General Statutes Section 7-400, the Town may invest in certificate of deposits, repurchase agreements, municipal notes, bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all federal land banks, the Tennessee Valley Authority, or any other agency of the United States government, mutual funds and money market mutual funds. The Town does not invest in derivative based investment products.

The operating internal service fund and working capital funds are invested at the direction of the Director of Finance with the approval of the Town Treasurer in the following short-term investments: (1) the State of Connecticut Short-Term Investment

Fund; and (2) Cutwater Asset Management Class (an investment fund managed by Cutwater Asset Management, which, according to Cutwater Class, invests only in (i) high grade short-term federal securities and variable rate obligations backed by federal agencies having monthly or quarterly assets based on indices like the prime rate, LIBOR, or a combination of the two, and (ii) very short-term (usually overnight) repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the Programs' custodial bank to be held for the benefit of the Pool's participants).

The investment of the Town's pension funds are carried out by professional portfolio managers at the direction of the Retirement Commission and in accordance with the Commission's adopted policy guidelines. For a further description of the Town's Pension Plans, see Appendix A, herein.

Assessment Practices

Pursuant to Connecticut General Statutes Section 12-62, as amended, requires a revaluation every five years and requires the assessor to fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building, once every ten assessment years. The Town most recent general revaluation was effective as of October 1, 2011. The next revaluation will required to be made at any time up to October 1, 2016. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List are the responsibilities of the Assessor's Office. The Grand List represents the total assessed values for all taxable real and personal property and motor vehicles located within the Town on October 1. Each year, a Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70% of the estimated market value at the time of the last general revaluation.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. A physical appraisal is then completed and the structure classified and priced from a schedule developed at the time of the last general revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All personal property (furniture, fixtures, equipment, and machinery) is revalued annually. An Assessor's check and audit is completed periodically. Assessments for personal property are computed at 70% of present value.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials. Section 12-7b of the Connecticut General Statutes as amended provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next July 1, are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ration is based on the number of months of ownership between October 1 and the following July 1. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70% of the annual appraisal of market value.

Tax Collection Procedure

Real Estate, Personal Property and Motor Vehicle taxes for each fiscal year are paid on the grand list of October 1 of the prior year and are due July 1. Any bill over \$300 is permitted to be paid in two installments; 1st half due July 1 and 2nd half due January 1. Motor vehicle supplemental bills are payable in one installment on January 1. Payments not received by August 1 and February 1 become delinquent and are subject to interest at the rate of 1.5% per month (18% per annum) per CGS Sec. 12-146. Prior to the close of each fiscal year on June 30, a lien is placed on each outstanding real estate tax account. Aside from legal demands, in accordance with state law the tax office exercises its right to use the following tools to enforce tax collections such as: alias tax warrants, jeopardy collection, withholding of motor vehicle releases, tax liens, UCC liens, withholding specific licenses or permits and the sale of tax liens. After exhausting all avenues of the collection process each year per CGS Sec. 12-165, a number of motor vehicle and personal property tax bills are transferred to suspense, at which point they will cease to be carried as receivables but remain collectible. All taxes become uncollectible after 15 years.

Real Property Tax Levies and Collections

Fiscal Year Ending 30-Jun	Net Taxable Grand List	Tax Rate (In Mills)	Total Adjusted Tax Levy	Percent Collected End of Each FY	Uncollected Taxes	
					End of Each FY	As of 6/30/12
2013 (1,2)	\$ 2,695,242,754	42.79	\$ 114,333,795	In process	In process	In process
2012	3,095,300,382	34.42	106,016,000	97.3%	\$2,912,000	\$2,912,000
2011	3,092,179,605	33.82	104,001,000	97.2%	2,950,000	1,233,000
2010	3,103,537,000	31.67	97,618,000	97.7%	2,220,000	284,000
2009	3,172,493,000	31.67	99,128,000	97.6%	2,364,000	99,000
2008 (2)	2,724,587,000	36.12	98,607,000	96.0%	887,100	59,000
2007	2,335,455,000	43.62	102,173,000	97.4%	854,868	35,000
2006	2,333,927,000	41.34	96,830,000	97.8%	652,038	1,000
2005	2,352,766,000	40.33	94,983,000	97.8%	632,176	1,000
2004	2,349,157,000	38.60	90,309,000	97.5%	567,721	1,000

(1) Adopted Budget.

(2) Year of revaluation.

Source: Tax Collector, Town of East Hartford.

Taxable Grand List

Grand List Dated	Residential Real Property	Industrial & Commercial Real Property	Vacant Land	Motor Vehicle	Personal Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/01/11 (1)	50.2%	25.6%	0.9%	9.2%	14.1%	\$2,919,800,357	\$224,557,603	\$ 2,695,242,754
10/01/10	55.5%	23.4%	0.8%	7.4%	12.9%	3,349,796,002	254,495,620	3,095,300,382
10/01/09	56.3%	23.0%	0.8%	7.2%	12.7%	3,324,277,000	234,160,000	3,090,117,000
10/01/08	56.4%	23.2%	0.8%	7.3%	12.3%	3,315,689,000	212,152,000	3,103,537,000
10/01/07	56.1%	23.4%	0.8%	7.6%	12.0%	3,344,382,000	171,889,000	3,172,493,000
10/01/06 (1)	56.1%	22.2%	0.8%	7.4%	13.3%	3,297,161,000	572,574,000 (2)	2,724,587,000
10/01/05	45.3%	24.2%	0.9%	9.9%	19.7%	2,454,782,000	119,327,000	2,335,455,000
10/01/04	45.2%	24.1%	0.9%	9.4%	20.4%	2,447,291,000	113,364,000	2,333,927,000
10/01/03	45.2%	23.9%	0.9%	9.4%	20.4%	2,449,150,000	96,384,000	2,352,766,000
10/01/02	51.6%	17.7%	0.8%	8.8%	21.2%	2,450,303,000	101,146,000	2,349,157,000

(1) Year of revaluation.

(2) Included in exemptions are the phased-in values from the revaluation effective October 1, 2011.

Source: Assessor's Office, Town of East Hartford.

Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2011:

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessment</u>	<u>Estimated Tax Levy</u>
United Technologies Corp., Pratt & Whitney (1)	Manufacturing	\$319,083,300	\$ 13,653,574
Fremont Riverview LLC	Office Buildings	26,982,725	1,154,591
Cabela's Inc	Retail	26,053,611	1,114,834
Connecticut Light & Power	Utility	25,548,530	1,093,222
Ansonia Acquisitions LLC	Apartment Buildings	22,873,249	978,746
Connecticut Natural Gas	Utility	22,693,413	971,051
Coca-Cola of New York	Beverage Mfg. and Distributor	20,062,919	858,492
Computer Science Corp.	Leasing	16,071,630	687,705
Merchant 99 111 Founders LLC	Office Buildings	14,540,988	622,209
Bank of America	Office Buildings	13,488,708	577,182
Total		\$ 507,399,073 (2)	\$ 21,711,606 (3)

(1) On January 15, 2013 Pratt & Whitney announced the lay-offs of 200 salaried employees in Connecticut as part of a larger, company-wide lay-off of approximately 350 salaried employees. The distribution of the layoffs between Pratt & Whitney's East Hartford and Middletown, CT facilities is not known at this time. The January announcement follows a December 5, 2012 announcement of the lay-off of 80 hourly workers and the elimination of 20 hourly positions through buyouts.

(2) Represents 18.8% of the net taxable grand list of October 1, 2011 of \$2,695,242,754.

(3) Represents 18.9% of the adopted tax levy of \$114,333,795 for fiscal year 2012-2013.

Source: Assessor's Office, Town of East Hartford.

Revenues

The Town derives its revenues from a direct tax levy on property, State and federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2008-2012 in "Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

Property Tax Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Tax as a Percentage of General Fund Revenues</u>
2013 (1)	\$ 167,988,621	\$ 114,333,795	68.1%
2012	178,618,000	107,495,000	60.2%
2011	164,143,000	103,943,000	63.3%
2010	156,929,000	98,458,000	62.7%
2009	165,237,000	100,745,000	61.0%
2008 (2)	186,077,000	97,595,000	52.4%
2007	159,399,000	103,853,000	65.2%
2006	150,941,000	97,463,000	64.6%
2005	143,909,000	97,930,000	68.0%
2004	136,493,000	91,686,000	67.2%

(1) Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System

(2) Includes \$32,301,000 in on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund. The payments were larger than prior years due to the issuance of pension obligation bonds by the State of Connecticut to fund the State Teachers' Retirement Fund.

Source: Audited financial statements; fiscal year 2012-13 adopted budget.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Intergovernmental Revenue</u>	<u>Intergovernmental as a Percentage of General Fund Revenues</u>
2013 (1)	\$ 167,988,621	\$ 49,646,966	29.6%
2012	178,618,000	60,641,000	34.0%
2011	164,143,000	51,565,000	31.4%
2010	156,929,000	51,585,000	32.9%
2009	165,237,000	57,601,000	34.9%
2008 (2)	186,077,000	79,733,000	42.8%
2007	159,399,000	48,844,000	30.6%
2006	150,941,000	48,209,000	31.9%
2005	143,909,000	41,479,000	28.8%
2004	136,493,000	40,142,000	29.4%

(1) Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System

(2) Includes \$32,301,000 in on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund. The payments were larger than prior years due to the issuance of pension obligation bonds by the State of Connecticut to fund the State Teachers' Retirement Fund.

Source: Audited financial statements; fiscal year 2012-13 adopted budget.

Expenditures

<u>Fiscal Year</u>	<u>Education</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Debt Service</u>
2013 (1)	51.1%	18.9%	14.8%	7.6%	4.8%
2012	55.3%	17.5%	14.5%	4.6%	5.5%
2011	54.6%	16.5%	15.3%	5.3%	5.6%
2010	53.3%	17.0%	15.3%	5.5%	6.0%
2009	55.2%	16.3%	14.3%	5.6%	5.7%
2008	61.7% (2)	12.9%	12.8%	4.8%	4.7%
2007	54.3%	16.8%	14.7%	5.5%	5.8%
2006	54.6%	16.5%	14.7%	5.4%	5.9%
2005	54.3%	16.5%	14.8%	5.7%	5.9%
2004	54.5%	15.5%	15.6%	5.4%	6.1%

(1) Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.

(2) Includes \$32,301,000 in on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund. The payments were larger than prior years due to the issuance of pension obligation bonds by the State of Connecticut to fund the State Teachers' Retirement Fund.

Source: Audited financial statements; fiscal year 2012-13 adopted budget.

Comparative General Fund Operation Statement

Budget and Actual (Budgetary Basis)

	Fiscal Year 2011-12			Fiscal Year
	Final Budget	Actual	Variance Favorable (Unfavorable)	2012-13 Adopted Budget
REVENUES				
Property taxes	\$ 105,403,000	\$ 107,495,000	\$ 2,092,000	\$114,333,795
Licenses and permits	1,292,000	2,131,000	839,000	1,223,150
Intergovernmental revenue	49,739,000	50,092,000	353,000	49,646,966
Charges for services	1,887,000	1,500,000	(387,000)	2,094,700
Investment income	50,000	33,000	(17,000)	50,000
Fines and forfeits	70,000	60,000	(10,000)	70,000
Other revenue	1,363,000	718,000	(645,000)	570,010
TOTAL REVENUES	159,804,000	162,029,000	2,225,000	\$ 167,988,621
EXPENDITURES				
Current:				
General government	31,113,000	30,768,000	345,000	\$31,783,048
Public safety	25,596,000	25,391,000	205,000	24,842,948
Inspection and permits	646,000	641,000	5,000	656,558
Public works	8,706,000	8,485,000	221,000	12,691,708
Parks and recreation	2,624,000	2,574,000	50,000	2,739,527
Health and social services	1,395,000	1,362,000	33,000	1,409,031
Education	82,499,000	82,499,000	-	85,766,419
Debt service	9,192,000	9,344,000	(152,000)	8,099,382
TOTAL EXPENDITURES	161,771,000	161,064,000	707,000	\$ 167,988,621
Excess (deficiency) of revenues over expenditures	(1,967,000)	965,000	2,932,000	
Other financing sources (uses)				
Operating transfers in	325,000	506,000	181,000	
Operating transfers out	(358,000)	(368,000)	(10,000)	
Total other financing sources (uses)	(33,000)	138,000	171,000	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (2,000,000)</u>	<u>\$ 1,103,000</u>	<u>\$ 3,103,000</u>	

Source: Audited financial statements; fiscal year 2012-13 adopted budget.

Comparative Balance Sheet – General Fund

Fiscal Years Ended:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
ASSETS					
Cash and cash equivalents	\$ 18,472,000	\$ 23,505,000	\$ 22,239,000	\$ 19,639,000	\$ 23,222,000
Investments	-	-	-	-	250,000
Receivables:					
Property taxes receivable	5,004,000	4,474,000	3,682,000	4,783,000	5,237,000
Accounts receivables	720,000	964,000	2,990,000	3,102,000	561,000
Intergovernmental	23,000	-	-	200,000	2,792,000
Due from other funds	1,858,000	555,000	243,000	2,217,000	2,352,000
Other assets	<u>3,000</u>	<u>5,000</u>	<u>49,000</u>	<u>46,000</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 26,080,000</u>	<u>\$ 29,503,000</u>	<u>\$ 29,203,000</u>	<u>\$ 29,987,000</u>	<u>\$ 34,414,000</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 3,362,000	\$ 2,677,000	\$ 3,405,000	\$ 3,760,000	\$ 2,738,000
Due to other funds	986,000	3,432,000	5,727,000	2,634,000	7,411,000
Deferred revenues	<u>6,523,000</u>	<u>9,752,000</u>	<u>7,127,000</u>	<u>10,075,000</u>	<u>9,054,000</u>
TOTAL LIABILITIES	<u>10,871,000</u>	<u>15,861,000</u>	<u>16,259,000</u>	<u>16,469,000</u>	<u>19,203,000</u>
FUND BALANCES					
Reserved for encumbrances	867,000	943,000	906,000	-	-
Unreserved:					
Undesignated	14,342,000	12,699,000	12,038,000	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	668,000	1,257,000
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,850,000</u>	<u>13,954,000</u>
TOTAL FUND BALANCES	<u>15,209,000</u>	<u>13,642,000</u>	<u>12,944,000</u>	<u>13,518,000</u>	<u>15,211,000</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,080,000</u>	<u>\$ 29,503,000</u>	<u>\$ 29,203,000</u>	<u>\$ 29,987,000</u>	<u>\$ 34,414,000</u>

Source: Annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

Fiscal Years Ended:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
REVENUES					
General property taxes	\$ 97,595,000	\$ 100,745,000	\$ 98,458,000	\$ 103,943,000	\$ 107,495,000
Licenses and permits	1,584,000	616,000	652,000	648,000	2,132,000
Intergovernmental revenues	79,733,000 (1)	57,601,000	51,585,000	51,565,000	60,641,000
Charges for service	4,422,000	4,741,000	5,678,000	6,379,000	7,355,000
Investment income	769,000	314,000	39,000	26,000	33,000
Other	1,974,000	1,220,000	517,000	1,582,000	962,000
TOTAL REVENUES	<u>186,077,000</u>	<u>165,237,000</u>	<u>156,929,000</u>	<u>164,143,000</u>	<u>178,618,000</u>
EXPENDITURES					
Current:					
General government	24,033,000	27,155,000	26,943,000	26,997,000	30,955,000
Public safety	23,878,000	23,817,000	24,261,000	25,048,000	25,544,000
Inspection and permits	744,000	849,000	682,000	645,000	639,000
Public works	8,978,000	9,424,000	8,742,000	8,629,000	8,185,000
Parks and recreation	2,671,000	2,683,000	2,427,000	2,600,000	2,558,000
Health and social services	1,237,000	1,246,000	1,257,000	1,326,000	1,361,000
Education	114,773,000 (1)	92,242,000	84,284,000	89,434,000	97,696,000
Debt service	8,760,000	9,592,000	9,539,000	9,160,000	9,758,000
TOTAL EXPENDITURES	<u>185,074,000</u>	<u>167,008,000</u>	<u>158,135,000</u>	<u>163,839,000</u>	<u>176,696,000</u>
Excess (deficiency) of revenues over expenditures	<u>1,003,000</u>	<u>(1,771,000)</u>	<u>(1,206,000)</u>	<u>304,000</u>	<u>1,922,000</u>
OTHER FINANCING SOURCES (USES)					
Payment to refunded bond escrow agent	-	-	(8,701,000)	-	(5,411,000)
Premium on refunding bonds	-	-	457,000	-	193,000
Refunding bonds	-	-	8,370,000	-	5,280,000
Operating transfers in	655,000	520,000	399,000	457,000	506,000
Operating transfers out	(2,234,000)	(316,000)	(17,000)	(187,000)	(797,000)
Total other financing sources (uses)	<u>(1,579,000)</u>	<u>204,000</u>	<u>508,000</u>	<u>270,000</u>	<u>(229,000)</u>
Net change in fund balances	(576,000)	(1,567,000)	(698,000)	574,000	1,693,000
Fund Balance - Beginning of year	<u>15,785,000</u>	<u>15,209,000</u>	<u>13,642,000</u>	<u>12,944,000</u>	<u>13,518,000</u>
Fund Balance - End of year	<u>\$ 15,209,000</u>	<u>\$ 13,642,000</u>	<u>\$ 12,944,000</u>	<u>\$ 13,518,000</u>	<u>\$ 15,211,000</u>

(1) Includes \$32,301,000 in on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund. The payments were larger than prior years due to the issuance of pension obligation bonds by the State of Connecticut to fund the State Teachers' Retirement Fund.

Source: Annual audited financial statements.

SECTION VI - ADDITIONAL INFORMATION

Litigation

The Town of East Hartford, its officers, employees, boards and commissions are defendants in various lawsuits. It is the opinion of the Corporation Counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

Availability of Continuing Disclosure Information

The Town of East Hartford prepares, in accordance with State law, annual independent audited financial statements and budget documents that are filed with the State Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide to Moody's Investors Service ongoing disclosure in the form of independent annual financial reports, adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested from time to time.

The Town will enter into Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C, to this Official Statement (the "Continuing Disclosure Agreement"), to provide, or cause to be provided (i) annual financial information and operating data, (ii) notice of the occurrence of certain events not in excess of 10 business days of the occurrence of such events; and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

The Town has previously entered into continuing disclosure agreements for the benefit of the holders of its general obligation bonds and notes. The agreements require that the Town provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the last five fiscal years, the Town has not failed to meet any of its obligations under such agreements.

Financial Advisor

The Town has retained Independent Bond and Investment Consultants LLC of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds. Although Independent Bond and Investment Consultants LLC has assisted in the preparation of the Official Statement, Independent Bond and Investment Consultants LLC is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Independent Bond and Investment Consultants LLC is an independent municipal bond advisory firm and is not engaged in the business of providing investment advice, underwriting, trading or distributing municipal securities or other public securities.

Documents Accompanying Delivery of the Bonds

Upon delivery of the Bonds, the Underwriter will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery, no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay the principal of and interest on the Bonds;
2. A receipt for the purchase price of the Bonds;
3. A certificate on behalf of the Town, signed by the Mayor, Town Treasurer and Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that as of the date of execution of the Contract of Purchase for the Bonds, and on the date of delivery of and payment for the Bonds, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact, necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;

4. The approving opinion of Robinson & Cole LLP, Bond Counsel in substantially the form attached hereto as Appendix B;
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C; and
6. Any other documents required by the Contract of Purchase.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the office of U.S. Bank National Association, in Hartford, Connecticut and will be available for examination upon reasonable request.

Concluding Statement

Additional information may be obtained upon request from the Office of the Director of Finance at (860) 291-7246 or from Independent Bond and Investment Consultants LLC at (203) 245-8715.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or part for any other purpose.

Independent Bond and Investment Consultants LLC, the Town's financial advisor, has assisted the Town in the preparation of this Official Statement from documents supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of statements made herein and makes no representation that it has independently verified the accuracy of supporting documents supplied by the Town.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be constructed as a contract or agreement between the Town and the purchasers or holders of any of the Bond.

TOWN OF EAST HARTFORD, CONNECTICUT

By: /s/ MARCIA A. LECLERC
Marcia A. Leclerc
Mayor

By: /s/ JOSEPH R. CARLSON
Joseph R. Carlson
Treasurer

By: /s/ MICHAEL P. WALSH
Michael P. Walsh
Director of Finance

Dated: February 12, 2013

APPENDIX A – AUDITED FINANCIAL STATEMENTS

TOWN OF EAST HARTFORD, CONNECTICUT

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Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of East Hartford for the Fiscal Year ending June 30, 2012 as presented by the auditors at that time and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of East Hartford, Connecticut.



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. 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-3 through A-10, and the budgetary comparison information on pages A-51 through A-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.

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)

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

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)

	Governmental Activities	
	2012	2011
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	205,445	207,468
 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	210,570	213,354
 Decrease in Net Assets	\$ (5,125)	\$ (5,886)

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)

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
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	\$ 210,570	\$ 213,354	\$ 120,301	\$ 118,023

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)

	Governmental Activities	
	2012	2011
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	\$ 173,534	\$ 175,394

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)**

	Governmental Activities	
	2012	2011
General obligation bonds	\$ 45.9	\$ 41.2

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 funded 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.

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

	<u>General</u>	<u>State and Federal Education Grants</u>	<u>Capital Improvement</u>	<u>Community Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
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>
LIABILITIES AND FUND BALANCES						
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.

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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.

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Change in Net Assets of Governmental Activities (Exhibit II)

\$ <u>(5,125)</u>

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

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

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

	Governmental Activities
	Internal Service Funds
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

	Pension Trust Fund	Retiree Benefit Trust Fund	Agency Funds
	<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

	Pension Trust Fund	Retiree Benefit Trust Fund
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		<u>482</u>
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

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.

	<u>Standard & Poor's</u>
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:

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

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 Accounts	2,792 1,078	305	34	116	1,182 679	4,429 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	(517)				(51)	(568)
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	289		289
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	21,536	4,047	6,472	19,111
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	118,452			118,452
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	62,224	2,190		64,414
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:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
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	(176)	(11)	(30)	(157)	
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:

<u>Description</u>	<u>Interest Rate %</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Outstanding June 30, 2012</u>
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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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:

<u>Description</u>	<u>Authorized</u>	<u>Grants Received</u>	<u>Bonds Issued/ Paydowns</u>	<u>Authorized Unissued</u>
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:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
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:

	<u>General Fund</u>	<u>Major Special Revenue Fund State and Federal Education Grants Fund</u>	<u>Capital Improvement Fund</u>	<u>Community Development Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
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>(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:

	Retiree Health Plan <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):

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

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.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
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.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded Ratio (a/b)	Covered Payroll (c)	UFAL as a % of Covered Payroll ((b-a)/c)
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

Year Ended	Annual Required Contribution	Percentage Contributed
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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
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.

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	315	315	501	186
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.	<u>6,537</u>

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	<u>30,155</u>	<u>31,113</u>	<u>30,768</u>	<u>345</u>
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	<u>12,899</u>	<u>13,000</u>	<u>12,954</u>	<u>46</u>
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	<u>11,897</u>	<u>12,596</u>	<u>12,437</u>	<u>159</u>
Total public safety	<u>24,796</u>	<u>25,596</u>	<u>25,391</u>	<u>205</u>
Inspections and permits	<u>662</u>	<u>646</u>	<u>641</u>	<u>5</u>

(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	<u>1,354</u>	<u>1,354</u>	<u>1,507</u>	<u>(153)</u>
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

APPENDIX B - FORM OF OPINION OF BOND COUNSEL

ROBINSON & COLE LLP

280 Trumbull Street
 Hartford, CT 06103-3597
 Main (860) 275-8200
 Fax (860) 275-8299

February 26, 2013

Town of East Hartford,
 East Hartford, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of East Hartford, Connecticut (the "Town"), a Tax Regulatory Agreement of the Town, dated February 26, 2013 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$12,230,000 Town of East Hartford, Connecticut General Obligation Refunding Bonds, Issue of 2013, dated February 26, 2013 (the "Bonds"), maturing on June 1 in each of the years, in the principal amounts and bearing interest payable on June 1, 2013 and semiannually thereafter on June 1 and December 1 in each year until maturity or earlier redemption, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2014	\$1,030,000	2.000%	2022	\$360,000	2.000%
2015	1,110,000	3.000	2023	350,000	2.375
2016	1,110,000	3.000	2024	345,000	2.500
2017	1,210,000	3.000	2025	340,000	2.625
2018	2,290,000	4.000	2026	335,000	2.625
2019	1,365,000	4.000	2027	330,000	2.750
2020	1,375,000	4.000	2028	325,000	2.750
2021	355,000	4.000			

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the fifteenth day of May and November in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to such registered owner at his address as shown on the registration books of the Town kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement any official statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

Legislation affecting the exclusion from gross income of interest on State or local bonds, such as the Bonds, is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds.

These opinions are rendered as of the date hereof and are based on existing law, which is subject to change. We assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may come to our attention, or to reflect any changes in law that may hereafter occur or become effective.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of East Hartford, Connecticut
\$12,230,000 General Obligation Refunding Bonds, Issue of 2013
Dated February 26, 2013

February 26, 2013

WHEREAS, the Town of East Hartford, Connecticut (the “Town”) has heretofore authorized the issuance of \$12,230,000 in aggregate principal amount of its General Obligation Refunding Bonds, Issue of 2013, dated February 26, 2013 (the “Bonds”), and to mature on the dates and in the amounts and set forth in the Town’s Official Statement dated February 12, 2013 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a negotiated sale pursuant to a Contract of Purchase, dated February 12, 2013 (the “Contract of Purchase”); and

WHEREAS, in the Contract of Purchase, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the “Rule”), and the Town desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this “Agreement”) is to be made, executed and delivered by the Town in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 2 and 3 of this Agreement.

“Fiscal Year End” shall mean the last day of the Town’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“SEC” shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The Town shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the Town:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;
- (E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Town per capita;
- (G) the ratios of total direct debt and total overall net debt of the Town to the Town's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the Town's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Town's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the Town which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Town reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule. The Town also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Town shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Town shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 5. Notice of Failure. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Bonds.

IN WITNESS WHEREOF, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF EAST HARTFORD, CONNECTICUT

By: _____
Marcia A. Leclerc
Mayor

By: _____
Joseph R. Carlson
Town Treasurer

By: _____
Michael P. Walsh
Director of Finance