

East Hartford Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

Marcia A. Leclerc
Mayor

Michael P. Walsh
Director of Finance

Comprehensive Annual Financial Report

of the

Town of East Hartford Connecticut

Fiscal Year Ended June 30, 2014

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

TOWN OF EAST HARTFORD, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section

PRINCIPAL OFFICIALS

MAYOR

Marcia A. Leclerc

TREASURER

Joseph R. Carlson

TOWN COUNCIL

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

ADMINISTRATION

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

Scott Chadwick, Esq.
Robert Pasek
Eileen Buckheit
Michael P. Walsh

James Cordier
Susan Hansen
Santiago Malave
Greg Grew
Theodore Fravel
Timothy Bockus
Cephus Nolen, Jr.
John Oates
Scott Sansom

BOARD OF EDUCATION

Jeffrey A. Currey, Chairman
Christopher M. Gentile
Bryan R. Hall
Tyron V. Harris
Marilyn S. Pet
Dorese Roberts
Tom Rup
Valerie Scheer
Stephanie K. Watkins

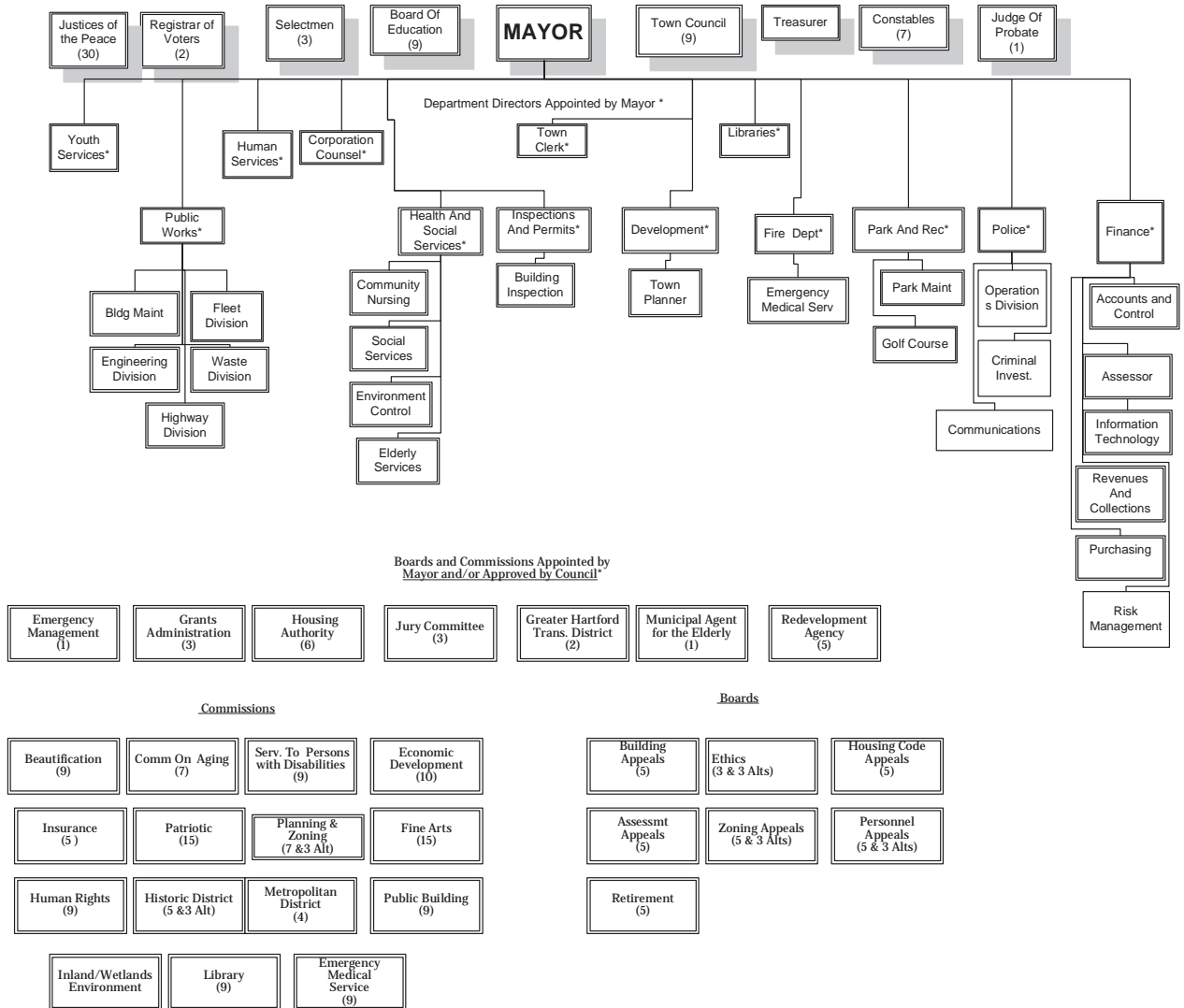
Superintendent of Schools
Assistant Superintendent, Secondary
Assistant Superintendent, Elementary
Director of Business Services
Director of Human Resources
Director of Pupil Personnel
Director of Facilities

Nathan D. Quesnal
Ann Marie Mancini
Cynthia Ritchie
Paul F. Mainuli
Christopher T. Wethje
Sharon A Bremner, Ed.D.
Albert S. Costa

Organization Chart

Voters

Elect





TOWN OF EAST HARTFORD

740 Main Street

East Hartford, Connecticut 06108-3114

Telephone: (860) 291-7240
Facsimile: (860) 289-0831

MARCIA A. LECLERC,
MAYOR

Finance Department

December 17, 2014

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

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of East Hartford, Connecticut (the Town) for the fiscal year ended June 30, 2014. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data are accurate in all material respects, and are reported in a manner to present fairly the financial position and results of operations of the Town of East Hartford. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

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

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

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

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

Profile of the Town

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

The Local Economy and the Employment Market

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

The Town serves as the corporate and general headquarters for the Pratt & Whitney Division of United Technologies Corporation, which employs 30,000 people worldwide and 9,000 people in East Hartford.

Goodwin College continues to expand its footprint along the banks of the Connecticut River including:

- | | |
|---|-------------------------------|
| • 211 Riverside Drive - Main Campus Building | \$35 million cost 160,000 sf. |
| • 1-5 Riverside Drive - Connecticut River Academy | \$57 million cost 105,000 sf. |
| • Academy for Advanced Design and Technology | \$40 million cost 80,000 sf. |
| • Advanced Manufacturing Training Center | \$ 2 million cost 60,000 sf. |
| • Early Childhood Magnet School | \$16 million cost 32,000 sf. |
| • 195 Riverside Drive - Incubator space | \$ 4 million cost 30,000 sf. |
| • 403 Main Street | \$ 4 million cost 12,300 sf. |
| • Goodwin College and King Court Housing | \$10 million cost 170 units |

Rentschler Field, a former airfield servicing Pratt & Whitney Aircraft has been rededicated as a mixed-used development. Rentschler Field contains 920 acres. United Technologies Corporation, the owner of Rentschler Field, has selected a developer who has planned a \$2 billion development which includes research, office, retail, residential and recreational facilities. With respect to the retail component, negotiations continue with Horizon Group Properties for the development of an Outlet Mall.

United Technologies, using stranded Research and Development tax credits earned from the State of Connecticut has committed to investing up to \$400 million within Connecticut including a substantial portion of that investment to build a new Corporate Headquarters and Engineering Building in East Hartford. Planning is underway with an expected occupancy date of December, 2016.

Long-Term Financial Planning

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

Relevant Financial Policies

The Town of East Hartford currently maintains an unassigned fund balance of \$14.0 million in its General Fund. As a percentage of the current adopted budget, East Hartford maintains 8.0% in reserve. The Town increased the reserve from the prior year by \$679.

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

Major Initiatives

➤ Rentschler Field Development

Beginning with the opening of the UCONN Football Stadium at Rentschler Field in 2003, and Cabela's in late 2007, the Town continues to work closely with the State, the property owner and the designated developer in an effort to open up the site to development.

➤ **The Library**

Using a grant from the State coupled with \$2 million of bond money, the Town is in the final stages of a \$9 million library renovation. The renovation includes an expansive addition, stack space, meeting rooms, updated technology, a museum, and a rare book room, all with a focus on East Hartford's tobacco and aeronautical history. Reopening is scheduled for April, 2015.

➤ **Energy Efficiency and Solar Power**

The Town has contracted with Ameresco to retrofit 5,000 streetlights with LED technology. \$500 thousand in one time rebates will be received from C L and P and coupled with lower electricity costs will pay off this retrofit over the next seven years without increasing costs.

The Town also worked with True Green to install four free standing and five roof top mounted solar arrays. As a result, the Town enjoys below market electric rates while avoiding distribution charges for the electricity produced onsite. Over the life of the agreement, the Town stands to save a minimum of \$1.5 million and up to \$3.2 million depending on where rates go in the future.

➤ **Road Improvements**

Using bond funds approved by way of referendum, the Town continues to rehabilitate local roads through various milling and repaving operations. In November of 2014, Town voters approved \$15 million to continue the Town's road and infrastructure rehabilitation efforts.

➤ **Flood Control System**

In order to fund the repairs directed by the Army Corps to prevent the decertification of the flood control system, the Town's voters via referendum approved a total of \$14 million in bonding. The State, by way of the Connecticut State Department of Environmental Protection, has provided another \$7 million for a total of \$21 million invested so far. Initial indications on this comprehensive repair project suggest that the total cost of the repairs will be \$28 million.

Financial Information

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

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

Budgetary Controls

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

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

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

Independent Audit

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

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of East Hartford for its comprehensive annual financial report for the last thirty-four (34) fiscal years ended June 30, 1980-2013.

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

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

Acknowledgments

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

Respectfully submitted,

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

Michael P. Walsh, Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of East Hartford
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Hartford, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of East Hartford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Hartford, Connecticut, as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 54 through 57, the schedule of changes in net pension liability and related ratios on page 58, the schedule of employer contributions on page 59 and the schedule of investment returns on page 60 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Hartford, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of East Hartford, Connecticut, as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated December 19, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2013 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014 on our consideration of the Town of East Hartford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of East Hartford, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 17, 2014

**TOWN OF EAST HARTFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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, 2014. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

Financial Highlights

- Net position of our governmental activities decreased by \$14.6 million, or 17%.
- During the year, the Town had expenses of \$238 million, which were \$14.6 million more than the \$223.5 million generated in taxes, grants and other revenues for governmental programs.
- The total cost of all of the Town's programs was \$238 million.
- The General Fund reported a total fund balance this year of \$14.6 million. The General Fund unassigned component of fund balance was \$14 million as of June 30, 2014.
- Actual expenditures were \$171.8 million compared to the final budget of \$172.7 million, resulting in lower expenditures of \$851 thousand.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position 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 position 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 position and changes in them. The Town's net position, 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 position 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 position 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 position 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 position 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 position and changes in fiduciary net position. 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 position decreased from \$85.5 million to \$71 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

Table 1
NET POSITION
(In Thousands)

	Governmental Activities	
	2014	2013
Current and other assets	\$ 54,570	\$ 41,834
Capital assets, net of accumulated depreciation	167,882	170,408
Total assets	222,452	212,242
Deferred charge on refunding	440	488
Long-term debt outstanding	134,653	113,007
Other liabilities	11,781	7,699
Total liabilities	146,434	120,706
Deferred inflows - advance property tax collections	5,503	6,519
Net Position:		
Net investment in capital assets	100,706	115,911
Restricted	174	171
Unrestricted	(29,925)	(30,577)
Total Net Position	\$ 70,955	\$ 85,505

Net position of the Town's governmental activities decreased by \$14.6 million or 17%. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - totaled \$(29.9) million at June 30, 2014 compared to \$(30.6) million at June 30, 2013. Various contributing factors resulting in the decrease in net position are discussed following Table 2.

Table 2
CHANGE IN NET POSITION
(In Thousands)

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 12,799	\$ 11,792
Operating grants and contributions	84,960	76,654
Capital grants and contributions	3	200
General revenues:		
Property taxes	117,749	116,396
Grants and contributions not restricted to specific purposes	6,955	5,667
Unrestricted investment earnings	30	40
Other general revenues	969	745
Total revenues	<u>223,465</u>	<u>211,494</u>
Program expenses:		
General government	39,230	38,508
Public safety	29,437	27,903
Inspection and permits	644	656
Public works	20,209	16,112
Parks and recreation	3,421	3,332
Health and social services	2,963	3,255
Education	140,193	126,568
Interest on long-term debt	1,918	1,941
Total program expenses	<u>238,015</u>	<u>218,275</u>
Decrease in Net Position	\$ <u>(14,550)</u>	\$ <u>(6,781)</u>

The Town's total revenues were \$223.5 million. The total cost of all programs and services was \$238 million. The Town's overall decrease of \$14.6 million in net position compared with a decrease in net position of \$6.8 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 increased \$12 million (\$223.5 million compared to \$211.5 million). Increases in grants, property taxes, and charges for services of \$9.6 million, \$1.4 million, and \$1 million respectively, were recognized.

The total program expenses increased \$19.7 million (\$238 million compared with \$218.3 million). Education, Public Works, Public Safety, and General Government spending increased by \$13.6 million, \$4.1 million, \$1.5 million, and \$722 thousand, respectively.

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	
	2014	2013	2014	2013
General government	\$ 39,230	\$ 38,508	\$ 37,088	\$ 36,940
Public safety	29,437	27,903	27,415	26,191
Public works	20,209	16,112	19,235	15,594
Parks and recreation	3,421	3,332	2,952	2,589
Education	140,193	126,568	50,970	44,989
All others	5,525	5,852	2,593	3,326
Totals	\$ <u>238,015</u>	\$ <u>218,275</u>	\$ <u>140,253</u>	\$ <u>129,629</u>

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$26.1 million, which is a \$10.2 million increase from last year's total of \$15.8 million.

The Town's Capital Improvement Fund reported an increase in fund balance of \$9.9 million directly attributable to the issuance of bonds. The General Fund's budgetary revenue estimates generated an \$857 thousand favorable variance as reported in RSI-1.

The General Fund's original budget was amended (increased) during the year by \$2.4 million and included additional revenue received from the State of \$1.1 million, higher Public Works labor costs due to an extraordinary winter of \$787 thousand, labor contract settlements of \$429 thousand, and budgeted losses related to the golf course management change of \$160 thousand.

The Town's General Fund balance of \$14.6 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 \$626 thousand of outstanding encumbrances at year-end, which are reported as expenditures for budgetary purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the Town had \$167.9 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 \$2.5 million, or 1.5%, over last year.

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

	Governmental	
	Activities	
	2014	2013
Land	\$ 12,137	\$ 12,137
Buildings and improvements	75,329	78,645
Furniture, vehicles and equipment	7,788	7,290
Infrastructure	49,700	51,865
Construction in progress	22,928	20,471
Totals	<u>\$ 167,882</u>	<u>\$ 170,408</u>

The Town's FY 2014-2015 Adopted Capital Budget calls for it to spend up to \$1.2 million for various capital projects including \$350 thousand to replace the pool deck at Drennan Pool, \$300 thousand for up to ten new Police cars, \$280 thousand for a new street sweeper, \$50 thousand for building repairs, \$46 thousand for the Terry Pool replacement pump, as well as \$174 thousand for various trucks, printers, equipment, and replacement office furniture.

Long-Term Debt

At June 30, 2014, the Town had \$51.6 million in bonds outstanding versus \$39.0 million last year - an increase of \$12.6 million or 32.3% - as shown in Table 5. The increase is a result of the Town paying off existing debt and issuing new debt during the reporting period.

Table 5
OUTSTANDING DEBT
(In Millions)

	Governmental	
	Activities	
	2014	2013
General Obligation Bonds	<u>\$ 51.6</u>	<u>\$ 39.0</u>

The Town's general obligation bond rating is Aa2. 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 \$828 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 10.0% compared with the prior year of 10.6%.

The appropriation for expenditures totals \$175 million in the Adopted Budget for the 2014-2015 fiscal year, representing an increase of \$2.3 million or 1.3% compared to the final amended budget for the fiscal year ended June 30, 2014.

The increase in the budget was a result of \$783 thousand of additional pension plan contributions, \$500 thousand to fund higher employee medical benefit costs, \$375 thousand related to the payment of a 53 weekly payroll in 2016, \$363 thousand related to higher MDC sewer costs, \$200 thousand related to expected revaluation planning costs, and \$160 thousand to fund expected losses related to the new golf course management structure.

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 2014-2015 fiscal year.

The Town's elected and appointed officials considered many factors when establishing the tax mill rate of 45.4 for the Adopted Budget for the 2014-2015 fiscal year. This mill rate represents an increase of 1.5 mills or 3.4% which was primarily driven by the expense increases noted above.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

TOWN OF EAST HARTFORD, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2014

In Thousands

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 41,937
Investments	330
Receivables, net	11,986
Other assets	317
Capital assets:	
Assets not being depreciated	35,065
Assets being depreciated, net	132,817
Total assets	<u>222,452</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	<u>440</u>
Liabilities:	
Accounts and other payables	9,711
Due to other governments	1,138
Unearned revenue	932
Noncurrent liabilities:	
Due within one year	16,506
Due in more than one year	118,147
Total liabilities	<u>146,434</u>
Deferred Inflows of Resources:	
Advance property tax collections	<u>5,503</u>
Net Position:	
Net investment in capital assets	100,706
Restricted for trust purposes:	
Expendable	174
Unrestricted	<u>(29,925)</u>
Total Net Position	<u>\$ 70,955</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, 2014

In Thousands

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 39,230	\$ 777	\$ 1,365	\$	\$ (37,088)
Public safety	29,437	1,701	321		(27,415)
Inspections and permits	644	1,204			560
Public works	20,209	166	808		(19,235)
Parks and recreation	3,421	444	22	3	(2,952)
Health and social services	2,963	200	1,528		(1,235)
Education	140,193	8,307	80,916		(50,970)
Interest on long-term debt	1,918				(1,918)
Total	<u>\$ 238,015</u>	<u>\$ 12,799</u>	<u>\$ 84,960</u>	<u>\$ 3</u>	<u>(140,253)</u>
General revenues:					
Property taxes					117,749
Grants and contributions not restricted to specific programs					6,955
Unrestricted investment earnings					30
Other general revenues					969
Total general revenues					<u>125,703</u>
Change in net position					(14,550)
Net Position, Beginning of Year					<u>85,505</u>
Net Position, End of Year					<u>\$ 70,955</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

In Thousands

	General	State and Federal Education Grants	Capital Improvement	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 22,201	\$ 5,321	\$ 9,425	\$ 25	\$ 667	\$ 37,639
Investments	253				77	330
Receivables, net	7,443	740		1,472	2,331	11,986
Due from other funds	4,880		2,776		954	8,610
Other assets					54	54
Total Assets	<u>\$ 34,777</u>	<u>\$ 6,061</u>	<u>\$ 12,201</u>	<u>\$ 1,497</u>	<u>\$ 4,083</u>	<u>\$ 58,619</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 5,523	\$ 993	\$ 1,801	\$ 23	\$ 713	\$ 9,053
Due to other funds	4,854	4,450		27	403	9,734
Due to other governments			1,138			1,138
Unearned revenue		244			688	932
Total liabilities	<u>10,377</u>	<u>5,687</u>	<u>2,939</u>	<u>50</u>	<u>1,804</u>	<u>20,857</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	4,167					4,167
Advance property tax collections	5,503					5,503
Unavailable revenue - loan receivables				1,422		1,422
Unavailable revenue - other receivables	137				453	590
Total deferred inflows of resources	<u>9,807</u>	<u>-</u>	<u>-</u>	<u>1,422</u>	<u>453</u>	<u>11,682</u>
Fund balances:						
Nonspendable					174	174
Restricted		374		25	327	726
Committed			10,735		1,325	12,060
Assigned	626					626
Unassigned	13,967		(1,473)			12,494
Total fund balances	<u>14,593</u>	<u>374</u>	<u>9,262</u>	<u>25</u>	<u>1,826</u>	<u>26,080</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 34,777</u>	<u>\$ 6,061</u>	<u>\$ 12,201</u>	<u>\$ 1,497</u>	<u>\$ 4,083</u>	<u>\$ 58,619</u>

(Continued on next page)

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

JUNE 30, 2014

In Thousands

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

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

Fund balances - total governmental funds	\$	26,080
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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	\$	314,497	
Less accumulated depreciation		<u>(146,615)</u>	
Net capital assets			167,882

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	3,202
Interest receivable on property taxes	965
Housing rehabilitation loans receivable	1,422
Other accounts receivable	590

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 position.

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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	(1,380)
Net OPEB obligation	(44,651)
Bonds and notes payable	(51,580)
Unamortized bond premiums	(1,344)
Deferred charge on refunding	440
Interest payable on bonds and notes	(323)
Landfill post closure monitoring	(417)
Compensated absences	(15,283)
Retirement obligations	(144)
Capital leases	<u>(14,692)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>70,955</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, 2014

In Thousands

	General	State and Federal Education Grants	Capital Improvement	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
General property taxes	\$ 118,022	\$	\$	\$	\$	\$ 118,022
Licenses and permits	1,389					1,389
Intergovernmental revenues	63,834	20,253	217	467	7,147	91,918
Charges for services	7,997	119			3,130	11,246
Investment income	20				3	23
Other	480		287	31	203	1,001
Total revenues	<u>191,742</u>	<u>20,372</u>	<u>504</u>	<u>498</u>	<u>10,483</u>	<u>223,599</u>
Expenditures:						
Current:						
General government	33,669			94	1,563	35,326
Public safety	27,139				1,029	28,168
Inspection and permits	644					644
Public works	9,128				650	9,778
Parks and recreation	2,797			20	407	3,224
Health and social services	1,457			376	1,343	3,176
Education	107,307	20,157			4,717	132,181
Capital outlay			11,885			11,885
Debt and sundry	9,215		1,068			10,283
Total expenditures	<u>191,356</u>	<u>20,157</u>	<u>12,953</u>	<u>490</u>	<u>9,709</u>	<u>234,665</u>
Excess (Deficiency) of Revenues over Expenditures	<u>386</u>	<u>215</u>	<u>(12,449)</u>	<u>8</u>	<u>774</u>	<u>(11,066)</u>
Other Financing Sources (Uses):						
Bond issuance			19,100			19,100
Transfers in	661		1,058		22	1,741
Transfers out	(1,080)		(18)		(643)	(1,741)
Multi-year lease purchase agreements			2,215			2,215
Total other financing sources (uses)	<u>(419)</u>	<u>-</u>	<u>22,355</u>	<u>-</u>	<u>(621)</u>	<u>21,315</u>
Net Change in Fund Balances	(33)	215	9,906	8	153	10,249
Fund Balances at Beginning of Year	<u>14,626</u>	<u>159</u>	<u>(644)</u>	<u>17</u>	<u>1,673</u>	<u>15,831</u>
Fund Balances at End of Year	<u>\$ 14,593</u>	<u>\$ 374</u>	<u>\$ 9,262</u>	<u>\$ 25</u>	<u>\$ 1,826</u>	<u>\$ 26,080</u>

(Continued on next page)

TOWN OF EAST HARTFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

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)	\$ 10,249
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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	4,311
Depreciation expense	(6,831)

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 position differs from the change in fund balance by the cost of the assets sold.	(6)
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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	(186)
Property tax interest and lien revenue - accrual basis change	(87)
Housing rehabilitation loans - accrual basis change	141
Other accounts receivable - accrual basis change	164

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 position. Also, governmental funds report the effect of 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	(19,100)
Bond principal payments	6,510
Capital lease payments	2,028
Capital lease financing	(2,215)
Amortization of deferred charge on refunding	(48)
Amortization of bond premiums	146
Other	(241)

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	(119)
Accrued interest	(29)
Retirement obligations	8
Net pension expense	34
Net OPEB expense	(9,315)
Landfill post closure expense	23

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 Position of Governmental Activities (Exhibit II)	\$ <u>(14,550)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2014

In Thousands

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Assets:	
Current:	
Cash and cash equivalents	\$ 4,298
Due from other funds	1,124
Other assets	<u>263</u>
Total assets	<u>5,685</u>
Liabilities:	
Current liabilities:	
Accounts payable	335
Risk management claims	<u>2,728</u>
Total current liabilities	<u>3,063</u>
Noncurrent liabilities:	
Risk management claims	<u>2,434</u>
Total liabilities	<u>5,497</u>
Net Position:	
Unrestricted	\$ <u><u>188</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

In Thousands

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Operating Revenues:	
Employer contributions	\$ 21,356
Charges for goods and services	3,929
Other	444
Total operating revenues	<u>25,729</u>
Operating Expenses:	
Claims	22,592
Premiums and administrative charges	3,130
Total operating expenses	<u>25,722</u>
Operating Income	7
Nonoperating Revenue:	
Interest income	<u>6</u>
Change in Net Position	13
Net Position at Beginning of Year	<u>175</u>
Net Position at End of Year	<u>\$ 188</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, 2014

In Thousands

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from employer contributions	\$ 22,559
Cash received from charges for services	3,929
Cash received from other revenues	426
Cash paid for claims	(22,970)
Cash paid to other suppliers for services	(3,130)
Net cash provided by operating activities	<u>814</u>
Cash Flows from Investing Activities:	
Investment income	<u>6</u>
Net Increase in Cash and Cash Equivalents	820
Cash and Cash Equivalents at Beginning of Year	<u>3,478</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,298</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ <u>7</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in other assets	(18)
Decrease in due from other funds	1,204
Decrease in due to other funds	(1)
Decrease in accounts payable and accrued liabilities	(24)
Decrease in risk management claims	(354)
Total adjustments	<u>807</u>
Net Cash Provided by Operating Activities	<u>\$ 814</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014

In Thousands

	Pension Trust Fund	Retiree Benefit Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 915	\$	\$ 1,272
Accounts receivable		1,584	
Investments - mutual funds	<u>218,496</u>	<u>876</u>	<u> </u>
Total assets	<u>219,411</u>	<u>2,460</u>	<u>\$ 1,272</u>
Liabilities:			
Accounts payable	23	12	\$
Due to student groups and agencies	<u> </u>	<u> </u>	<u>1,272</u>
Total liabilities	<u>23</u>	<u>12</u>	<u>\$ 1,272</u>
Net Position:			
Held in Trust for Pension and Other Benefits	<u>\$ 219,388</u>	<u>\$ 2,448</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF EAST HARTFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES FIDUCIARY IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

In Thousands

	Pension Trust Fund	Retiree Benefit Trust Fund
Additions:		
Contributions:		
Employer	\$ 10,251	\$ 4,581
Plan members	3,233	2,109
Total contributions	<u>13,484</u>	<u>6,690</u>
Investment income:		
Net appreciation in fair value of investments	25,357	572
Interest and dividends	5,255	90
Total investment income	<u>30,612</u>	<u>662</u>
Less investment expense	(66)	
Net investment income	<u>30,546</u>	<u>662</u>
Other income		168
Total additions	<u>44,030</u>	<u>7,520</u>
Deductions:		
Benefits	20,114	6,076
Administration	227	32
Total deductions	<u>20,341</u>	<u>6,108</u>
Net Increase	23,689	1,412
Net Position at Beginning of Year	<u>195,699</u>	<u>1,036</u>
Net Position at End of Year	<u>\$ 219,388</u>	<u>\$ 2,448</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 position 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.

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. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, long-term loans, and other receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. 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.

J. 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 position. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

K. Fund Equity

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

Net Investment in Capital Assets - This component of net position 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 Position - Restrictions 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.

Unrestricted Net Position - This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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, by adopting a resolution.

Assigned Fund Balance - This balance represents 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 \$1,356 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. At year end, the amount of encumbrances expected to be honored upon performance by the vendor were as follows:

General Fund	\$	626
Capital Improvement Fund		10,735
Community Development		12
Nonmajor Governmental Funds		<u>4,297</u>
Total	\$	<u><u>15,670</u></u>

B. Deficit Fund Equity

Internal Service Funds:		
Workers' Compensation	\$	1,903

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*, \$30,353 of the Town's bank balance of \$31,835 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 27,296
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>3,057</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 30,353</u></u>

Cash Equivalents

At June 30, 2014, the Town's cash equivalents amounted to \$12,115. 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, 2014, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
Certificates of deposit	N/A	\$ 252	\$ 252	\$	\$
U.S. Government obligations	AAA	78			78
			\$ 252	\$ -	\$ 78
Other investments:					
Mutual funds	N/A	219,372			
Total Investments		\$ 219,702			

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 June 30, 2014 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>Community Development Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 4,648	\$	\$	\$	\$ 4,648
Accrued interest	1,099				1,099
Intergovernmental		740	50	1,878	2,668
Accounts	2,701			2,117	4,818
Loans and accrued interest on loans			1,422		1,422
Gross receivables	<u>8,448</u>	<u>740</u>	<u>1,472</u>	<u>3,995</u>	<u>14,655</u>
Less allowance for uncollectibles:					
Taxes	(427)				(427)
Accrued interest on taxes	(134)				(134)
Accounts	(444)			(80)	(524)
Total allowance	<u>(1,005)</u>	<u>-</u>	<u>-</u>	<u>(80)</u>	<u>(1,085)</u>
Net Total Receivables	\$ <u>7,443</u>	\$ <u>740</u>	\$ <u>1,472</u>	\$ <u>3,915</u>	\$ <u>13,570</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 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	\$ 12,137	\$	\$	\$ 12,137
Construction in progress	20,471	2,457		22,928
Total capital assets not being depreciated	<u>32,608</u>	<u>2,457</u>	<u>-</u>	<u>35,065</u>
Capital assets being depreciated:				
Buildings and improvements	130,919			130,919
Furniture, fixtures, vehicles and equipment	28,541	1,854	334	30,061
Infrastructure	118,452			118,452
Total capital assets being depreciated	<u>277,912</u>	<u>1,854</u>	<u>334</u>	<u>279,432</u>
Less accumulated depreciation for:				
Buildings and improvements	52,274	3,316		55,590
Furniture, fixtures, vehicles and equipment	21,251	1,350	328	22,273
Infrastructure	66,587	2,165		68,752
Total accumulated depreciation	<u>140,112</u>	<u>6,831</u>	<u>328</u>	<u>146,615</u>
Total capital assets being depreciated, net	<u>137,800</u>	<u>(4,977)</u>	<u>6</u>	<u>132,817</u>
Governmental Activities Capital Assets, Net	<u>\$ 170,408</u>	<u>\$ (2,520)</u>	<u>\$ 6</u>	<u>\$ 167,882</u>

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

Governmental activities:	
General government	\$ 510
Public safety	1,098
Public works	2,918
Parks and recreation	181
Health and social services	14
Education	<u>2,110</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,831</u>

Construction Commitments

The Town has the following active construction projects as of June 30, 2014. 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, 2014</u>
2012 Authorization	\$ 15,700	\$ 1,733	\$ 6,735	\$ 7,232
2010 Authorization	10,000	9,690	397	(87)
2008 Authorization	14,835	14,054	571	210
2007 Authorization	21,000	15,998	1,740	3,262
2006 Authorization	17,584	17,038		546
Main & School Street Projects	2,260	1,788		472
Town - Capital and Nonrecurring	336	53		283
BOE - Capital and Nonrecurring	1,250	1,137	60	53
Capital leases	6,215	4,045	1,232	938
Total	<u>\$ 89,180</u>	<u>\$ 65,536</u>	<u>\$ 10,735</u>	<u>\$ 12,909</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, 2014 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Fund	\$ 27
	State and Federal Education Grants	4,450
	Nonmajor Governmental Funds	403
		<u>4,880</u>
Capital Improvement Fund	General Fund	2,776
Nonmajor Governmental Funds	General Fund	954
Internal Service Fund	General Fund	<u>1,124</u>
Total		<u>\$ 9,734</u>

A summary of interfund transfers is presented below:

	Transfers In			Total
	General Fund	Capital Improvements	Nonmajor Governmental	Transfers Out
Transfers out:				
General Fund	\$	\$ 1,058	\$ 22	\$ 1,080
Capital Improvements	18			18
Nonmajor governmental	643			643
Total Transfers In	\$ 661	\$ 1,058	\$ 22	\$ 1,741

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 38,990	\$ 19,100	\$ 6,510	\$ 51,580	\$ 6,670
Premium on refunding bonds	1,490		146	1,344	
Total bonds payable	40,480	19,100	6,656	52,924	6,670
Capital leases	14,505	2,215	2,028	14,692	2,119
Landfill postclosure monitoring	440		23	417	23
Compensated absences	15,164	4,866	4,747	15,283	4,966
Retirement obligations	152	255	263	144	
Net OPEB obligation	35,336	13,698	4,383	44,651	
Net pension obligation	1,414	10,217	10,251	1,380	
Risk management claims	5,516	22,238	22,592	5,162	2,728
Governmental Activities Long-Term Liabilities	\$ 113,007	\$ 72,589	\$ 50,943	\$ 134,653	\$ 16,506

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, 2014 are comprised of the following individual issues:

Description	Interest Rate %	Issue Date	Maturity Date	Original Amount	Balance Outstanding June 30, 2014
Refunding - partial refunding of issue dated 5/1/02	2.000 - 5.250	4/1/2003	5/1/2015	\$ 9,470	\$ 1,780
Refunding - issues dated 5/1/03	3.000 - 5.000	9/15/2009	5/1/2023	8,370	4,590
General purpose and school improvements	2.000 - 3.250	12/15/2009	12/15/2019	8,675	3,000
General purpose	2.000 - 5.000	7/1/2011	7/1/2021	11,000	10,050
General purpose and school improvements	2.000 - 3.000	7/1/2011	7/1/2015	5,280	1,860
General purpose and school improvements	2.000 - 3.000	2/26/2013	2/26/2028	12,230	11,200
General purpose	2.12	6/17/2014	1/15/2024	19,100	19,100
Total				\$	<u><u>51,580</u></u>

The annual requirements to amortize bonds payable as of June 30, 2014 are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 6,670	\$ 1,294	\$ 7,964
2016	6,155	1,236	7,391
2017	6,155	1,077	7,232
2018	6,285	926	7,211
2019	5,365	725	6,090
2020-2024	19,620	1,391	21,011
2025-2028	1,330	90	1,420
Total	<u><u>\$ 51,580</u></u>	<u><u>\$ 6,739</u></u>	<u><u>\$ 58,319</u></u>

Prior Year Defeasance of Debt

In prior years, the Town defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and defeased bonds are not included in the Town's financial statements. At June 30, 2014, \$3,300 of defeased bonds remains outstanding and assets of \$3,347 are held in the trust account to provide for the future debt service payments.

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

Description	Authorized	Grants Received	Bonds Issued/ Paydowns	Authorized Unissued
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	3,740	
Road Improvements 2010	10,000		10,000	
Raymond Library Improvements	2,100		2,100	
Flood Control System Improve 2010	7,000		4,160	2,840
Road Improvements 2012	10,000		5,000	5,000
East Hartford Middle School Window wall	5,700			5,700
Total	<u>\$ 89,097</u>	<u>\$ 15,828</u>	<u>\$ 58,747</u>	<u>\$ 14,522</u>

The Town's indebtedness (\$141,833) does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 266,258	\$ 58,523	\$ 207,735
Schools	532,517	7,579	524,938
Sewers	443,764	75,731	368,033
Urban renewal	384,595		384,595
Pension deficit	355,011		355,011

The total overall statutory debt limitation for the Town is equal to seven times annual receipts from taxation (\$828,359).

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:

Asset class:		
Building improvements	\$	12,407
Vehicles		9,060
Equipment		5,029
Furniture		315
Total gross value		<u>26,811</u>
Less accumulated depreciation		<u>(12,119)</u>
Net Book Value	\$	<u><u>14,692</u></u>

The net book value approximates the capital lease principal balance payable at June 30, 2014.

Principal payments for 2013-2014 were \$2,028. The following is a summary of capital lease commitments as of June 30, 2014:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 2,619
2016	2,888
2017	2,395
2018	1,907
2019	1,574
Thereafter	<u>6,426</u>
Total minimum lease payments	17,809
Less amount representing interest	<u>(3,117)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 14,692</u></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 (now the Department of Energy and Environmental Protection, DEEP) requiring the Town to close and cap the landfill. Solid waste landfill closure and post closure care requirements have been established by the DEEP. The Town began its post closure monitoring period during fiscal year 2003. The costs associated with monitoring and maintaining the landfill area during the post closure 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 18-year monitoring period are \$417. These estimates are subject to change due to inflation, changes in regulations or if environmental problems are identified during post closure 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, 2014:

Vested:		
Sick	\$	6,231
Vacation		2,702
Compensatory		526
Nonvested:		
Sick		<u>5,824</u> *
Total	\$	<u><u>15,283</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 \$144 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 November 2013, the Town entered into an operating lease with a company to manage the operations of the Town's golf course. The initial term of the contract was effective on November 8, 2013 for a five-year term with an option to renew for two additional three-year terms if mutually agreed. The agreement calls for an initial funding by the Town of \$50 and includes an annual base management fee of \$81 per year. An additional incentive management fee is also provided for if the company outperforms the annual revenue budget projection at \$5 for each \$50 increase in total revenue over the budgeted projection.

9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	Major Funds					
	General Fund	State and Federal Education Grants Fund	Capital Improvement Fund	Community Development Fund	Nonmajor Governmental Funds	Total
Fund balances:						
Nonspendable:						
Endowment	\$	\$	\$	\$	\$ 174	\$ 174
Restricted for:						
Grants		374		25	80	479
Donations					247	247
Committed to:						
Capital projects			10,735			10,735
Redevelopment					101	101
School cafeteria					838	838
Youth services					11	11
Recreation programs					272	272
Education programs					103	103
Assigned to:						
Purchases on order	626					626
Unassigned	13,967		(1,473)			12,494
Total Fund Balances	\$ 14,593	\$ 374	\$ 9,262	\$ 25	\$ 1,826	\$ 26,080

Significant encumbrances at June 30, 2014 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 \$2,844 for the Workers' Compensation Fund, reported at June 30, 2014, is based on a summary report of outstanding liabilities for workers compensation and heart and hypertension claims. The claims liability of \$1,645 for the Health Benefits Fund, reported at June 30, 2014, is based on estimated claims incurred but not reported.

A claims liability of \$673 for the General Liability Fund, reported at June 30, 2014, 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>
2013-14	\$	5,516	\$	22,238	\$	22,592	\$	5,162
2012-13		5,089		22,821		22,394		5,516

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 \$75,731 as of June 30, 2014.

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, 2013, plan membership consisted of the following:

	Retiree Health Plan <i>(not rounded)</i>
Retired members and spouses	1,137
Active plan members	<u>1,442</u>
Total Participants	<u><u>2,579</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 \$787 per month for retiree only coverage and \$1,574 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 \$662 per month for retiree only coverage and \$1,324 per month for retiree and spouse coverage to age 65, and \$169 and \$338 per month, respectively, thereafter. The cost per month for Board of Education employees receiving dental coverage under Anthem is \$50 per month for retiree only coverage and \$100 per month for retiree and spouse coverage.

For the year ended June 30, 2014, plan members contributed \$2,109. 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 \$4,383 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)	\$	13,816
Interest on net OPEB obligation		1,413
Adjustment to annual required contribution		(1,531)
Annual OPEB cost		13,698
Contributions made		4,383
Increase in net OPEB obligation		9,315
Net OPEB obligation, beginning of year		35,336
Net OPEB Obligation, End of Year	\$	44,651

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, 2014, 2013 and 2012 are presented below.

Fiscal Year Ended		Annual OPEB Cost (AOC)		Actual Contribution	Percentage of AOC Contributed		Net OPEB Obligation
6/30/12	\$	11,284	\$	4,666	41.4 %	\$	28,412
6/30/13		12,890		5,966	46.3		35,336
6/30/14		13,698		4,383	32.0		44,651

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, 2013 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. The general inflation rate is 2.75%

An annual healthcare cost trend rate of 6.8% is used initially, decreasing to an ultimate rate of 4.7% over 69 years. The remaining amortization period at July 1, 2013 was 24 years decreasing, closed group.

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.

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)
7/1/2009	\$ 2,404	\$ 129,899	1.85 %	N/A	N/A
7/1/2011	525	148,883	0.35	37,198	399%
7/1/2013	1,037	160,456	0.65	37,880	421%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed
6/30/12	\$ 11,284	41.4 %
6/30/13	12,935	46.1
6/30/14	13,816	31.7

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 the Pension and Retiree Benefit board consisting of five members appointed by Town Council including the Town Treasurer, a Town Councilor, and three electors of the Town, one of whom shall be a member of the Town's retirement system. The board serves as trustee of the funds and shall determine contributions payable by the Town in accordance with sound actuarial principles. The Pension and Retiree Benefit Board shall ensure the pension funds are prudently invested for long-term, safe growth of invested funds. 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.

Cost of living adjustments are provided to retirees as follows:

- General Town and Board of Education Employees: retirees and beneficiaries who retired prior to January 1, 1991 receive an annual 2% increase. Retirees and beneficiaries who retired on or after January 1, 1991 but prior to January 1, 2002 receive an annual 1% increase. Retirees and beneficiaries who retired on a Disability Pension after December 1, 1996 and prior to December 31, 2005 receive a 1% annual increase. Participants retiring after July 1, 2005 receive a 2% annual increase.
- Police and Fire Employees: Police retirees who retired after January 1, 2000 receive 2% increase per year with the first increase paid in the fifth year of retirement. Fire retirees who retired after July 1, 2005 receive a 1% increase beginning in the fifth year of retirement, increasing to 2% per year starting with the ninth year of retirement. Police and Fire retirees who retired prior to January 1, 1991 receive a 2% annual increase. Retirees and beneficiaries who retired on or after January 1, 1991 but prior to January 1, 2002 receive a 1% annual increase. (The 2% Police COLA supersedes the 1% for retirees and beneficiaries who retired in 2000 or 2001).

Plan benefits may be amended by the Town Council.

The membership of the plan consisted of the following at July 1, 2013, the date of the latest actuarial valuation (not rounded):

Retiree, disabled and beneficiaries currently receiving benefits	623
Terminated employees entitled to benefits but not yet receiving them	23
Current employees:	
Vested	464
Nonvested	89
Inactive participants eligible for a refund of contributions	90
Total	<u><u>1,289</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: The following changes were made for the July 1, 2013 valuation:

- Cost of Living increase provisions were changed

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 24.7% of covered payroll. The annual required contribution for the current year was determined as part of the PERS actuarial valuation dated July 1, 2013.

D. Investments

The Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equities	42.00%
International Developed Markets Equities	12.00%
Emerging Markets	6.00%
Core Fixed Income	<u>40.00%</u>
Total Portfolio	<u><u>100.00%</u></u>

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Deferred Retirement Option Plan (DROP)

The Town offers a DROP to bargaining unit members employed on or after July 1, 2001. Any bargaining unit member who is a member of the Retirement Plan for full-time employees of the Police Department of the Town of East Hartford, upon completing his/her 25th year of service may elect the DROP at any time up to and through the completion of his/her 29th year of service. No bargaining unit member may elect the DROP after the completion of his/her 29th year of service. Upon the election of the DROP, no further pension benefits will accrue. During the DROP period, the employee's monthly pension benefits will be made to the employee's separately designated DROP account equal to 96% of the pension payment the employee was entitled to receive had that employee not elected the DROP. Upon separation from Town service, the monthly pension benefit shall increase to 100% of the monthly pension payment. During the DROP period, the employee will continue to make employee contributions equivalent to the amounts in effect at the time the DROP was elected and these contributions will be made to the Town's Pension Fund, not the member's separate DROP account. The DROP period has a minimum length of one year and a maximum of five years.

F. Net Pension Liability of the Town

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town at June 30, 2014, were as follows:

Total pension liability	\$ 349,344
Plan fiduciary net position	<u>(219,388)</u>
Net Pension Liability	<u>\$ 129,956</u>
Plan fiduciary net position as a percentage of the total pension liability	62.80%

The Town's net pension liability will need to be recorded on the government wide statement of net position at Jun3 30, 2015.

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.6%
Salary increases	3.50%
Investment rate of return	8%, including inflation

Mortality rates were based on the RP-2000 Healthy Mortality Table projected 13 years with scale BB.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2013.

Long-term returns are determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
Domestic Equities	42.00%	6.60%	2.77%
International Developed Markets Equities	12.00%	7.10%	0.85%
Emerging Markets	6.00%	9.40%	0.56%
Core Fixed Income	40.00%	2.20%	0.88%
Total Portfolio	100.00%		5.06%
Long-Term Inflation Expectation			2.60%
Long-Term Expected Nominal Return			7.66%

Discount Rate: The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town of East Hartford contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries, are included. Projected employer contributions that are intended to fund the service costs of future plan members, and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Town, calculated using the discount rate of 8.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	1% Decrease in Discount Rate (7.00%)	Current Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net pension liability as of June 30, 2014	\$ 170,364	\$ 129,956	\$ 96,733

G. 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	\$ 10,187
Interest on net pension obligation	113
Adjustment to annual required contribution	<u>(83)</u>
Annual pension cost	10,217
Contributions made	<u>10,251</u>
Decrease in net pension obligation	(34)
Net pension obligation, beginning of year	<u>1,414</u>
Net Pension Obligation, End of Year	<u>\$ 1,380</u>

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

Actuarial valuation date	July 1, 2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Payroll, 3.50% increases
Remaining amortization period	30 years, closed**
Asset valuation method	Asset smoothing
Actuarial assumptions:	
Investment rate of return	8.00% per annum
Projected salary increases*	4%
*Includes inflation rate	3%
** Amortization period was reset as of July 1, 2013	

H. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 9,241	99.6 %	\$ 1,424
6/30/13	9,362	100.1	1,414
6/30/14	10,217	100.3	1,380

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 % of Covered Payroll ((b-a)/c)
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
7/01/12	187,259	293,268	106,009	63.9	41,164	257.5
7/01/13	192,202	330,793	138,591	58.1	40,451	342.6

I. 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 \$52,247.

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, 2014, the Town has recorded in the General Fund (Exhibit IV) intergovernmental revenue schools and schools expenditures in the amount of \$12,499 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.

14. COMMITMENTS AND CONTINGENCIES

The Town of East Hartford is located on the eastern bank of the Connecticut River, a major tributary that outlets to Long Island Sound and the Atlantic Ocean. After extensive flooding caused by the Hurricane of 1938, the Army Corps of Engineers constructed a Flood Protection System (the System) with the Town's assistance to protect a significant area of Town. The Town entered into an agreement with the federal government to own, operate and maintain the System after its construction. The System consists of earthen levee, concrete floodwall, two closure structures, three storm water pump stations, and storage pond as well as other infrastructure.

As a result of the Hurricane Katrina natural disaster in 2005, the Army Corps of Engineers reviewed their policies and standards, which ultimately resulted in the creation of a new interim policy for flood protection systems. The heightened emphasis on maintenance, the new interim policy as well as the Federal Emergency Management Agency (FEMA) accreditation process resulted in the Town needing to address and repair deficiencies in an effort to ensure that the System provides the appropriate level of protection.

In response to the Army Corps of Engineers' directives and the findings of the FEMA accreditation study, the Town, since 2007, has been systematically addressing necessary repairs and corrections to the System in order to improve stability and integrity of the System. The repairs include, but are not limited to, the following: the installation of sheet pile cut-off walls, soil bentonite cut-off wall, replacement of a failing timber bulkhead with a new steel sheeting bulkhead, replacement of a concrete retaining wall, various repairs to the three storm water pump stations, etc.

Additional work and repairs remain to be completed. The identified repairs include, but are not limited to, the following: the renovation of the two closure structures, repair of the Meadow Hill Outfall box culvert, renovations of the storm water pump stations including electrical systems as well as new pumps, removal of sediment from the Meadow Hill storage pond, acquisition of various property rights for the System, replacement of the toe drain system to assist in the control of seepage within the levee structure, etc.

The Town voters approved two individual \$7,000 bond authorizations in November 2007 and November 2011 to fund various repairs in order to maintain the Army Corps of Engineers' active status as it relates to Public Law 84-99 as well as FEMA accreditation for the System. The Town successfully secured Connecticut Department of Energy and Environmental Protection (CT DEEP) grant reimbursements for a total amount of \$7,000 for the rehabilitation of the System.

To date, the Town has expended a majority of the \$21,000 on required System improvements, including the two \$7,000 Town voter bond authorizations and the \$7,000 CT DEEP grant reimbursement. The remaining funds have been programmed to complete required repairs that are currently in the design phase.

Public Works continues to develop an overall list of repairs and operational improvements for the System. The total cost of the rehabilitation of the System has been estimated at \$28,000 (in 2014 dollars) but final costs will not be known until all of the rehabilitation work is designed and construction is completed. All construction projects are being competitively bid and awarded. The Town is actively pursuing funding assistance both at the state and federal levels to complete the remaining elements of the rehabilitation project, which are estimated to cost \$7,000.

Landfill Remediation

Prior to the landfill closing, citizens fishing in the Hockanum River reported partially buried drums along the river south of the eastern landform. The drums and their contents were removed. Subsequently, two pockets of contamination above acceptable levels have been identified. Additional testing and characterization have been conducted to determine the scope of the remediation project. Meetings were then held with CT DEEP as well as the United States Environmental Protection Agency for the purpose of determining the extent of contamination in the soil, clean-up standards as well as to define a remediation plan.

The Town will provide a remediation plan based on CT DEEP's required standards. Once the plan is approved by the state and federal agencies, the Town will proceed with the design and associated land use permits. The Town will competitively bid the remediation work to be completed. 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 have a material effect on the financial statements.

15. 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 biannual credits commencing with the property tax bills due July 1, 2009, and ending with the property tax bills due January 1, 2027. The first 35 credits each will be in the amount of \$113. The final credit, to be provided as of January 1, 2027, will be in the amount of \$63.

Required Supplementary Information

TOWN OF EAST HARTFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

In Thousands

	Budgeted Amounts		Actual	Variance
	Original	Final		
General property taxes:				
Current tax levy	\$ 114,552	\$ 114,552	\$ 114,851	\$ 299
Prior years levy	1,500	1,500	1,731	231
Interest and liens	1,300	1,300	1,440	140
Total	<u>117,352</u>	<u>117,352</u>	<u>118,022</u>	<u>670</u>
Licenses and permits:				
Sporting	1	1		(1)
Protective	13	13	24	11
Amusement	1	1	1	-
Building structures and equipment	576	576	1,190	614
Street privilege and use	11	11	10	(1)
Health	70	70	73	3
Other licenses and fees	107	107	91	(16)
Total	<u>779</u>	<u>779</u>	<u>1,389</u>	<u>610</u>
Intergovernmental revenues:				
Pilot/Economic Development			45	45
Housing in lieu of taxes - State	105	105	122	17
Pilot - State Property	221	938	938	-
Distressed Municipalities			97	97
Housing in lieu of taxes - Federal	80	80	98	18
State relief - circuit breaker	375	375	366	(9)
Elderly taxes	6	6	1	(5)
Disability exemptions	10	10	12	2
Veterans exemptions	40	40	44	4
Abandoned motor vehicles	1	1		(1)
Education cost sharing	44,612	41,709	41,651	(58)
Pequot funds			306	306
Special education	2,000	2,000	1,711	(289)
Health and welfare	30	30	32	2
Transportation	44	532	523	(9)
Revenue sharing	1,986	4,753	4,650	(103)
UMTA	13	13	14	1
Youth Services	39	39	39	-
Total	<u>49,562</u>	<u>50,631</u>	<u>50,649</u>	<u>18</u>
Charges for services:				
Town Clerk	645	645	694	49
Public Safety	506	506	145	(361)
Emergency Management			25	25
Public Works	150	150	156	6
Libraries	20	20	11	(9)
Recreation	85	85	63	(22)
Cemeteries	165	165	128	(37)
Total	<u>1,571</u>	<u>1,571</u>	<u>1,222</u>	<u>(349)</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, 2014

In Thousands

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Use of money:				
Interest from investments	\$ 30	\$ 30	\$ 20	\$ (10)
Fines and forfeits:				
Traffic tags and motor vehicle fines	70	70	61	(9)
Other revenue:				
In lieu of taxes/telephone	145	145	152	7
Rentals	90	90	83	(7)
Compensation and insurance refunds	90	90	136	46
Miscellaneous	205	205	86	(119)
Total	<u>530</u>	<u>530</u>	<u>457</u>	<u>(73)</u>
Total revenues	<u>169,894</u>	<u>170,963</u>	<u>171,820</u>	<u>857</u>
Other financing sources:				
Appropriation of fund balance		1,356		(1,356)
Transfers in:				
Capital Improvement Fund	5	5	18	13
Nonmajor funds	<u>328</u>	<u>328</u>	<u>643</u>	<u>315</u>
Total other financing sources	<u>333</u>	<u>1,689</u>	<u>661</u>	<u>(1,028)</u>
Total	\$ <u>170,227</u>	\$ <u>172,652</u>	172,481	\$ <u>(171)</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.

12,499

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

(38)

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

7,461

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

\$ 192,403

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, 2014

In Thousands

	Budgeted Amounts		Actual	Variance
	Original	Final		
General government:				
Town Council	\$ 157	\$ 146	\$ 138	\$ 8
Town Clerk	265	265	251	14
Registrar	92	92	92	-
Selectmen	2	2	2	-
Mayor's Office	428	403	395	8
Corporation Counsel	407	407	391	16
Personnel	266	298	286	12
Libraries	1,167	997	956	41
Probate	30	30	16	14
Youth services	382	385	377	8
Grants administration	76	76	62	14
Finance administration	122	127	127	-
Accounts and control	329	344	343	1
Data processing	995	1,156	1,124	32
Purchasing	181	185	177	8
Treasury	4	4	4	-
Assessing	376	355	341	14
Revenue and collections	385	360	352	8
Employee benefits	23,245	23,328	23,308	20
Risk management	382	383	383	-
Development	243	228	224	4
Economic development	21	16	13	3
Planning and Zoning	10	42	40	2
Inland Wetlands	7	6	3	3
Redevelopment Agency	2	2		2
Z.B.A.	5	5	3	2
Boards, committees and commissions	34	37	28	9
M.D.C.	4,070	4,225	4,225	-
Contingency	1,016			-
Total general government	34,699	33,904	33,661	243
Public safety:				
Police:				
Administration	11,613	11,655	11,620	35
Operations	40	30	19	11
Criminal investigation	18	14	14	-
Communications	1,492	1,624	1,605	19
Total police	13,163	13,323	13,258	65
Fire:				
Administration	559	642	623	19
Fire suppression	9,586	11,335	11,330	5
Fire Marshal	390	418	415	3
Fire apparatus maintenance	454	474	466	8
Fire alarm maintenance	289	311	298	13
Emergency medical services	561	566	536	30
Emergency management	82	82	74	8
Training	152	132	112	20
Total fire	12,073	13,960	13,854	106
Total public safety	25,236	27,283	27,112	171
Inspections and permits	689	655	644	11

(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, 2014

In Thousands

	Budgeted Amounts		Actual	Variance
	Original	Final		
Public works:				
Administration	\$ 305	\$ 295	\$ 272	\$ 23
Engineering	329	539	509	30
Highway services	2,326	3,108	3,009	99
Waste services	2,240	2,194	2,170	24
Fleet services	1,547	1,790	1,707	83
Building maintenance	1,315	1,522	1,473	49
Public Safety Complex	212	235	215	20
Total public works	<u>8,274</u>	<u>9,683</u>	<u>9,355</u>	<u>328</u>
Parks and recreation:				
Administration	935	1,079	1,059	20
Maintenance	1,427	1,476	1,453	23
Park other facilities	365	284	277	7
Fine arts	20	21	20	1
Total parks and recreation	<u>2,747</u>	<u>2,860</u>	<u>2,809</u>	<u>51</u>
Health and social services:				
Administration	104	104	104	-
Community health and nursing	135	132	120	12
Social services	262	256	249	7
Elderly services - commissions	6	6	6	-
Elderly services	723	735	729	6
Community service persons disabilities	3	3	1	2
Environment control	229	250	248	2
Total health and social services	<u>1,462</u>	<u>1,486</u>	<u>1,457</u>	<u>29</u>
Education	<u>86,469</u>	<u>86,469</u>	<u>86,468</u>	<u>1</u>
Debt service:				
Bond principal and interest	8,133	7,779	7,779	-
Capital improvement - lease financing	1,438	1,453	1,436	17
Total debt service	<u>9,571</u>	<u>9,232</u>	<u>9,215</u>	<u>17</u>
Transfers out:				
Capital Improvement Funds	1,058	1,058	1,058	-
Special Revenue Funds	22	22	22	-
Total transfers out	<u>1,080,000</u>	<u>1,080</u>	<u>1,080</u>	<u>-</u>
Total	<u>\$ 170,227</u>	<u>\$ 172,652</u>	171,801	<u>\$ 851</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.

12,499

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.

(502)

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.

1,177

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.

7,461

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

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

\$ 192,436

TOWN OF EAST HARTFORD, CONNECTICUT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST FISCAL YEAR
(In Thousands)

	<u>2014</u>
Total pension liability:	
Service cost	\$ 5,581
Interest	27,709
Benefit payments, including refunds of member contributions	(20,114)
Net change in total pension liability	<u>13,176</u>
Total pension liability - beginning	<u>336,168</u>
Total pension liability - ending	<u>349,344</u>
Plan fiduciary net position:	
Contributions - employer	10,251
Contributions - member	3,233
Net investment income	30,546
Benefit payments, including refunds of member contributions	(20,114)
Administrative expense	(227)
Net change in plan fiduciary net position	<u>23,689</u>
Plan fiduciary net position - beginning	<u>195,699</u>
Plan fiduciary net position - ending	<u>219,388</u>
Net Pension Liability - Ending	<u>\$ 129,956</u>
Plan fiduciary net position as a percentage of the total pension liability	62.80%
Covered-employee payroll	\$ 40,451
Net pension liability as a percentage of covered-employee payroll	321.27%

TOWN OF EAST HARTFORD, CONNECTICUT

SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST TEN FISCAL YEARS

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 10,187	\$ 9,331	\$ 9,207	\$ 8,434	\$ 8,189	\$ 7,407	\$ 7,147	\$ 6,496	\$ 5,321	\$ 5,219
Contributions in relation to the actuarially determined contribution	10,251	9,372	9,207	8,451	8,180	7,407	7,176	6,759	5,321	5,219
Contribution Deficiency (Excess)	<u>\$ (64)</u>	<u>\$ (41)</u>	<u>\$ -</u>	<u>\$ (17)</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ (29)</u>	<u>\$ (263)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 40,451	\$ 41,164	\$ 42,374	\$ 41,404	\$ 41,056	\$ 42,000	\$ 41,759	\$ 41,609	\$ 42,314	\$ 39,383
Contributions as a percentage of covered-employee payroll	25.34%	22.77%	21.73%	20.41%	19.92%	17.64%	17.18%	16.24%	12.58%	13.25%

Notes to Schedule

Valuation date: July 1, 2013

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar of payroll, 3.5% annual increase
Remaining amortization period	30 years, closed*
Asset valuation method	5-year smoothed market
Inflation	2.60%
Salary increases	3.50%
Investment rate of return	8.00%

Retirement age - General Employees - Town and Board of Education: Hired prior to March 1, 1983 - later of age 62 and 8 years of service

Retirement age - General Employees - Town and Board of Education: Hired on or after March 1, 1983 - later of age 65 and 10 years of service or age 62 and completion of 25 years of service if earlier

Retirement age - Paraprofessional Employees: The earliest of (1) attainment of age 65 and completion of 10 years of service; (2) attainment of age 62 and completion of 25 years of service; or (3) the Rule of 85

Retirement age - Dispatcher Employees: The earliest of (1) attainment of age 65 and completion of 5 years of service; (2) 25 years of service; or (3) the Rule of 75

Retirement age - Police Officers and Firefighters: 25 years of service regardless of age, or mandatory retirement at age 65 with the completion of 10 years of service for Fire and 15 years of service for Police.

Mortality - Males

RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, projected 13 years with Scale BB

Mortality - Females

RP-2000 Combined Healthy Mortality Table, projected 13 years with Scale BB

* The amortization period has been reset as of July 1, 2013.

TOWN OF EAST HARTFORD, CONNECTICUT**SCHEDULE OF INVESTMENT RETURNS****LAST FISCAL YEAR****2014**

Annual money-weighted rate of return, net of investment expense

15.55%

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

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

TOWN OF EAST HARTFORD, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013

In Thousands

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 22,201	\$ 20,047
Investments	253	252
Receivables:		
Property taxes receivable, net	4,221	4,721
Property taxes accrued interest receivable, net	965	1,052
Accounts receivable, net	2,257	850
Due from other governments		1,217
Due from other funds	<u>4,880</u>	<u>7,081</u>
Total Assets	\$ <u>34,777</u>	\$ <u>35,220</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,523	\$ 3,126
Due to other funds	<u>4,854</u>	<u>6,509</u>
Total liabilities	<u>10,377</u>	<u>9,635</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	4,167	4,440
Advance property tax collections	5,503	6,519
Unavailable revenue - other receivables	<u>137</u>	
Total deferred inflows of resources	<u>9,807</u>	<u>10,959</u>
Fund balance:		
Assigned	626	1,338
Unassigned	<u>13,967</u>	<u>13,288</u>
Total fund balance	<u>14,593</u>	<u>14,626</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>34,777</u>	\$ <u>35,220</u>

TOWN OF EAST HARTFORD, CONNECTICUT

**REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2014
In Thousands**

Grand List Year	Uncollected Taxes July 1, 2013	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Taxes Collected	Interest	Lien Fees	Total Collected	Uncollected Taxes June 30, 2014	**
		Additions	Deductions								
2012	\$ 118,547 *	\$ 207	\$ 1,374	\$ 1	\$ 117,379	\$ 114,914	\$ 521	\$ 58	\$ 115,493	\$ 2,465	
2011	3,358	144	771	4	2,727	1,976	408	14	2,398	751	
2010	1,155	7	27	347	788	648	173	5	826	140	
2009	244		16	2	226	156	82	1	239	70	
2008	164		9	3	152	84	58		142	68	
2007	51		5	2	44	9	7		16	35	
2006	53		4	2	47	1	2		3	46	
2005	30		3	2	25	1	1		2	24	
2004	10		2	2	6				-	6	
2003	8		2	2	4		1		1	4	
2002	6		1	2	3				-	3	
2001	5		2	1	2				-	2	
2000	3		1	1	1				-	1	
1999	7			1	6				-	6	
1998	2			1	1				-	1	
1997	3		3		-				-	-	
Total	\$ 123,646	\$ 358	\$ 2,220	\$ 373	\$ 121,411	\$ 117,789	\$ 1,253	\$ 78	119,120	\$ 3,622	
Suspense collections									225		
Tax overpayment balance - June 30, 2013									17		
Tax overpayment balance - June 30, 2014									(1,026)		
Total tax collections									118,336		
Property taxes receivable considered available:											
June 30, 2013									(1,333)		
June 30, 2014									1,019		
Total									\$ 118,022		

* Includes MVS tax levy of \$1595.

**Amount represents property tax receivable of \$4,648 less overcollected balance of \$1,026, which is recorded as accounts payable.

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

TOWN OF EAST HARTFORD, CONNECTICUT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

In Thousands

	Special Revenue									
	Redevelopment	School Cafeteria	WIC Fund	Youth Services	Dog Fund	Town Aid Road	Special State Grant Programs	Miscellaneous Projects and Programs	Local Capital Improvement Program	Health Service Grant
ASSETS										
Cash and cash equivalents	\$	\$ 480	\$	\$	\$	\$	\$	\$	\$	\$
Investments										
Accounts receivable, net		517	12				1,003		345	
Due from other governments				62	10	7		325		42
Due from other funds	101									
Other assets										
Total Assets	\$ 101	\$ 997	\$ 12	\$ 62	\$ 10	\$ 7	\$ 1,003	\$ 325	\$ 345	\$ 42
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$ 159	\$ 3	\$ 27	\$ 10	\$ 7	\$ 364	\$ 44	\$ 61	\$
Due to other funds			9				109		284	
Unearned revenue				24			484			42
Total liabilities	-	159	12	51	10	7	957	44	345	42
Deferred inflows of resources:										
Unavailable revenue - other receivables										
Fund balances:										
Nonspendable										
Restricted							46	281		
Committed	101	838		11						
Total fund balance	101	838	-	11	-	-	46	281	-	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 101	\$ 997	\$ 12	\$ 62	\$ 10	\$ 7	\$ 1,003	\$ 325	\$ 345	\$ 42

(Continued on next page)

TOWN OF EAST HARTFORD, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

In Thousands

	Special Revenue								
	Police Private Duty	Parks and Recreation	Hockanum River Linear Park	Danahy Scholarship Fund	Brewer House Trust	Education Scholarships Fund	Education Fee Based Programs	Total	Total
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	84	\$ 103	\$ 667	\$ 667
Investments				77				77	77
Accounts receivable, net	453							453	453
Due from other governments			1					1,878	1,878
Due from other funds		392			15			954	954
Other assets		54						54	54
Total Assets	\$ 453	\$ 446	\$ 1	\$ 77	\$ 15	\$ 84	\$ 103	\$ 4,083	\$ 4,083
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$ 36	\$	\$	\$ 2	\$	\$	\$ 713	\$ 713
Due to other funds			1					403	403
Unearned revenue		138						688	688
Total liabilities	-	174	1	-	2	-	-	1,804	1,804
Deferred inflows of resources:									
Unavailable revenue - other receivables	453							453	453
Fund balances:									
Nonspendable				77	13	84		174	174
Restricted								327	327
Committed		272					103	1,325	1,325
Total fund balance	-	272	-	77	13	84	103	1,826	1,826
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 453	\$ 446	\$ 1	\$ 77	\$ 15	\$ 84	\$ 103	\$ 4,083	\$ 4,083

TOWN OF EAST HARTFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
In Thousands

	Special Revenue									
	Redevelopment	School Cafeteria	WIC Fund	Youth Services	Dog Fund	Town Aid Road	Special State Grant Programs	Miscellaneous Projects and Programs	Local Capital Improvement Program	Health Service Grant
Revenues:										
Intergovernmental	\$	\$ 3,534	\$ 730	\$ 91	\$	\$ 638	\$ 1,707	\$ 23	\$ 361	\$ 62
Charges for services		1,307			18			758		
Investment income										
Miscellaneous		28					9	149		
Total revenues	<u>-</u>	<u>4,869</u>	<u>730</u>	<u>91</u>	<u>18</u>	<u>638</u>	<u>1,716</u>	<u>930</u>	<u>361</u>	<u>62</u>
Expenditures:										
General government							1,025	214	324	
Public safety					10		291	327	13	
Public works						638	11			
Parks and recreation							2	8	24	
Health and social services			730	124			373	54		62
Education		4,613								
Total expenditures	<u>-</u>	<u>4,613</u>	<u>730</u>	<u>124</u>	<u>10</u>	<u>638</u>	<u>1,702</u>	<u>603</u>	<u>361</u>	<u>62</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>256</u>	<u>-</u>	<u>(33)</u>	<u>8</u>	<u>-</u>	<u>14</u>	<u>327</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):										
Transfers in				22						
Transfers out					(8)			(451)		
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>22</u>	<u>(8)</u>	<u>-</u>	<u>-</u>	<u>(451)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	256	-	(11)	-	-	14	(124)	-	-
Fund Balances at Beginning of Year	101	582	-	22	-	-	32	405	-	-
Fund Balances at End of Year	<u>\$ 101</u>	<u>\$ 838</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46</u>	<u>\$ 281</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued on next page)

TOWN OF EAST HARTFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014
In Thousands

	Special Revenue								
	Police Private Duty	Parks and Recreation	Hockanum River Linear Park	Danahy Scholarship Fund	Brewer House Trust	Education Scholarships Fund	Education Fee Based Programs	Total	Total
Revenues:									
Intergovernmental	\$	\$	\$ 1	\$	\$	\$	\$	\$ 7,147	\$ 7,147
Charges for services	572	369					106	3,130	3,130
Investment income				3				3	3
Miscellaneous						17		203	203
Total revenues	<u>572</u>	<u>369</u>	<u>1</u>	<u>3</u>	<u>-</u>	<u>17</u>	<u>106</u>	<u>10,483</u>	<u>10,483</u>
Expenditures:									
General government								1,563	1,563
Public safety	388							1,029	1,029
Public works			1					650	650
Parks and recreation		369			4			407	407
Health and social services								1,343	1,343
Education						13	91	4,717	4,717
Total expenditures	<u>388</u>	<u>369</u>	<u>1</u>	<u>-</u>	<u>4</u>	<u>13</u>	<u>91</u>	<u>9,709</u>	<u>9,709</u>
Excess (Deficiency) of Revenues over Expenditures	<u>184</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>(4)</u>	<u>4</u>	<u>15</u>	<u>774</u>	<u>774</u>
Other Financing Sources (Uses):									
Transfers in								22	22
Transfers out	(184)							(643)	(643)
Total other financing sources (uses)	<u>(184)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(621)</u>	<u>(621)</u>
Net Change in Fund Balances	-	-	-	3	(4)	4	15	153	153
Fund Balances at Beginning of Year	-	272	-	74	17	80	88	1,673	1,673
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 77</u>	<u>\$ 13</u>	<u>\$ 84</u>	<u>\$ 103</u>	<u>\$ 1,826</u>	<u>\$ 1,826</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

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

TOWN OF EAST HARTFORD, CONNECTICUT

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

JUNE 30, 2014

In Thousands

	<u>Health Benefits</u>	<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Total</u>
Assets:				
Current:				
Cash and cash equivalents	\$ 2,295	\$ 872	\$ 1,131	\$ 4,298
Due from other funds	1,124			1,124
Other assets		200	63	263
Total assets	<u>3,419</u>	<u>1,072</u>	<u>1,194</u>	<u>5,685</u>
Liabilities:				
Current liabilities:				
Accounts payable	204	131		335
Risk management claims	<u>1,645</u>	<u>410</u>	<u>673</u>	<u>2,728</u>
Total current liabilities	<u>1,849</u>	<u>541</u>	<u>673</u>	<u>3,063</u>
Noncurrent liabilities:				
Risk management claims		<u>2,434</u>		<u>2,434</u>
Total liabilities	<u>1,849</u>	<u>2,975</u>	<u>673</u>	<u>5,497</u>
Net Position:				
Unrestricted	\$ <u>1,570</u>	\$ <u>(1,903)</u>	\$ <u>521</u>	\$ <u>188</u>

TOWN OF EAST HARTFORD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

In Thousands

	<u>Health Benefits</u>	<u>Workers' Compensation</u>	<u>General Liability</u>	<u>Total</u>
Operating Revenues:				
Employer contributions	\$ 18,318	\$ 1,679	\$ 1,359	\$ 21,356
Charges for goods and services	3,929			3,929
Other	<u>356</u>	<u>64</u>	<u>24</u>	<u>444</u>
Total operating revenues	<u>22,603</u>	<u>1,743</u>	<u>1,383</u>	<u>25,729</u>
Operating Expenses:				
Claims	19,342	1,681	1,569	22,592
Premiums and administrative charges	<u>3,028</u>	<u>67</u>	<u>35</u>	<u>3,130</u>
Total operating expenses	<u>22,370</u>	<u>1,748</u>	<u>1,604</u>	<u>25,722</u>
Operating Income (Loss)	233	(5)	(221)	7
Nonoperating Revenue:				
Interest income	<u>3</u>	<u>1</u>	<u>2</u>	<u>6</u>
Change in Net position	236	(4)	(219)	13
Net Position at Beginning of Year	<u>1,334</u>	<u>(1,899)</u>	<u>740</u>	<u>175</u>
Net Position at End of Year	<u>\$ 1,570</u>	<u>\$ (1,903)</u>	<u>\$ 521</u>	<u>\$ 188</u>

TOWN OF EAST HARTFORD, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

In Thousands

	Health Benefits	Workers' Compensation	General Liability	Total
Cash Flows from Operating Activities:				
Cash received from employer contributions	\$ 19,476	\$ 1,678	\$ 1,405	\$ 22,559
Cash received from charges for services	3,929			3,929
Cash received from other revenues	356	64	6	426
Cash paid for claims	(19,168)	(1,761)	(2,041)	(22,970)
Cash paid to other suppliers for services	(3,028)	(67)	(35)	(3,130)
Net cash provided by (used in) operating activities	<u>1,565</u>	<u>(86)</u>	<u>(665)</u>	<u>814</u>
Cash Flows from Investing Activities:				
Investment income	<u>3</u>	<u>1</u>	<u>2</u>	<u>6</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,568	(85)	(663)	820
Cash and Cash Equivalents at Beginning of Year	<u>727</u>	<u>957</u>	<u>1,794</u>	<u>3,478</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,295</u>	<u>\$ 872</u>	<u>\$ 1,131</u>	<u>\$ 4,298</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ <u>233</u>	\$ <u>(5)</u>	\$ <u>(221)</u>	\$ <u>7</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Increase in other assets			(18)	(18)
Decrease in due from other funds	1,158		46	1,204
Decrease in due to other funds		(1)		(1)
Increase (decrease) in accounts payable	(155)	131		(24)
Increase (decrease) in risk management claims	329	(211)	(472)	(354)
Total adjustments	<u>1,332</u>	<u>(81)</u>	<u>(444)</u>	<u>807</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,565</u>	<u>\$ (86)</u>	<u>\$ (665)</u>	<u>\$ 814</u>

Fiduciary Funds

FIDUCIARY FUNDS

Agency Funds

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

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

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

TOWN OF EAST HARTFORD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2014

In Thousands

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>184</u>	\$ <u>446</u>	\$ <u>463</u>	\$ <u>167</u>
Liabilities:				
Due to student groups	\$ <u>184</u>	\$ <u>446</u>	\$ <u>463</u>	\$ <u>167</u>
Developers' Escrow Fund				
Assets:				
Cash and cash equivalents	\$ <u>1,014</u>	\$ <u>80</u>	\$ <u>12</u>	\$ <u>1,082</u>
Liabilities:				
Due to agencies	\$ <u>1,014</u>	\$ <u>80</u>	\$ <u>12</u>	\$ <u>1,082</u>
Flexible Spending Plan				
Assets:				
Cash and cash equivalents	\$ <u>27</u>	\$ <u>196</u>	\$ <u>200</u>	\$ <u>23</u>
Liabilities:				
Due to agencies	\$ <u>27</u>	\$ <u>196</u>	\$ <u>200</u>	\$ <u>23</u>
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ <u>1,225</u>	\$ <u>722</u>	\$ <u>675</u>	\$ <u>1,272</u>
Liabilities:				
Due to student groups	\$ <u>184</u>	\$ <u>446</u>	\$ <u>463</u>	\$ <u>167</u>
Due to agencies	<u>1,041</u>	<u>276</u>	<u>212</u>	<u>1,105</u>
Total Liabilities	\$ <u>1,225</u>	\$ <u>722</u>	\$ <u>675</u>	\$ <u>1,272</u>

Supplementary Data

TOWN OF EAST HARTFORD, CONNECTICUT

CAPITAL IMPROVEMENT FUND

SCHEDULE OF PROJECT AUTHORIZATIONS AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2014

In Thousands

Project Description	Amended Budget	Current Year Expenditures	Cumulative Expenditures	Encumbered	Available Budget
2012 Authorization:					
Road Reconstruction	\$ 10,000	\$ 1,570	\$ 1,570	\$ 6,658	\$ 1,772
East Hartford Middle School WW	5,700	163	163	77	5,460
Total	<u>15,700</u>	<u>1,733</u>	<u>1,733</u>	<u>6,735</u>	<u>7,232</u>
2010 Authorization:					
Road Reconstruction	<u>10,000</u>	<u>3,713</u>	<u>9,690</u>	<u>397</u>	<u>(87)</u>
2008 Authorization:					
Road Reconstruction	10,000	2	9,963	37	-
School Improvements	2,735	99	2,630	73	32
Library Improvements	2,100	1,121	1,461	461	178
Total	<u>14,835</u>	<u>1,222</u>	<u>14,054</u>	<u>571</u>	<u>210</u>
2007 Authorization:					
Levees	20,716	2,401	15,830	1,740	3,146
Capital Improvement Program	284		168		116
Total	<u>21,000</u>	<u>2,401</u>	<u>15,998</u>	<u>1,740</u>	<u>3,262</u>
2006 Authorization:					
Fire Station/Maintenance Facility	6,485	(3)	6,485		-
Town Hall Renovation	559		559		-
Road Reconstruction	10,540	41	9,994		546
Total	<u>17,584</u>	<u>38</u>	<u>17,038</u>	<u>-</u>	<u>546</u>
Main and School Street Project	<u>2,260</u>		<u>1,788</u>	<u>-</u>	<u>472</u>
Town - Capital and Nonrecurring:					
Library Expansion	53	53	53		-
EHGC Water Division	244				244
PSC Fuel System	39				39
Total	<u>336</u>	<u>53</u>	<u>53</u>	<u>-</u>	<u>283</u>
BOE - Capital and Nonrecurring:					
Barnes School	500		447		53
Capital Improvement 2014	500	500	500		-
MUNIS Financial Software	250	56	190	60	-
Total	<u>1,250</u>	<u>556</u>	<u>1,137</u>	<u>60</u>	<u>53</u>
Capital Leases:					
Town Leases 2011-2012	563	6	563		-
Add'l Town Leases 2011-2012A	785	610	778		7
Add'l Town Leases 2011-2012B	110		107		3
Town Leases 2012-2013A	648		648		-
Town Leases 2012-2013B	325		289		36
Town Leases 2013-2014	819	667	743	32	44
Town Leases Library	1,500	198	198	703	599
Town Leases Golf	700	656	687	13	-
Town Leases 2014-2015	765	32	32	484	249
Total	<u>6,215</u>	<u>2,169</u>	<u>4,045</u>	<u>1,232</u>	<u>938</u>
Total	<u>\$ 89,180</u>	<u>\$ 11,885</u>	<u>\$ 65,536</u>	<u>\$ 10,735</u>	<u>\$ 12,909</u>

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

TOWN OF EAST HARTFORD, CONNECTICUT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

In Thousands

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Net investment in capital assets	\$ 100,706	\$ 115,911	\$ 112,960	\$ 118,754	\$ 116,335	\$ 115,698	\$ 130,943	\$ 134,170	\$ 131,885	\$ 132,493
Restricted	174	171	190	191	196	194	227	239	189	615
Unrestricted	(29,925)	(30,577)	(20,864)	(21,534)	(13,234)	(4,360)	(7,683)	(1,254)	(3,612)	711
Total Governmental Activities Net Position	<u>\$ 70,955</u>	<u>\$ 85,505</u>	<u>\$ 92,286</u>	<u>\$ 97,411</u>	<u>\$ 103,297</u>	<u>\$ 111,532</u>	<u>\$ 123,487</u>	<u>\$ 133,155</u>	<u>\$ 128,462</u>	<u>\$ 133,819</u>

Notes:

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

TOWN OF EAST HARTFORD, CONNECTICUT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

In Thousands

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
Governmental activities:										
General government	\$ 39,230	\$ 38,508	\$ 34,681	\$ 31,495	\$ 31,334	\$ 33,606	\$ 30,124	\$ 25,995	\$ 24,252	\$ 21,744
Public safety	29,437	27,903	29,661	27,576	25,749	25,809	26,300	25,293	24,627	23,302
Inspections and permits	644	656	639	645	682	849	669	659	678	658
Public works	20,209	16,112	13,219	20,549	16,204	17,712	16,344	12,374	11,091	11,663
Parks and recreation	3,421	3,332	3,165	3,666	3,308	3,641	4,032	3,950	3,807	3,739
Health and social services	2,963	3,255	3,063	3,336	3,306	3,086	3,437	3,167	3,054	2,855
Education	140,193	126,568	124,623	124,447	115,034	118,104	134,084	101,084	97,299	93,454
Interest on long-term debt	1,918	1,941	1,519	1,640	1,208	2,020	1,689	1,897	2,067	1,917
Total governmental activities expenses	<u>238,015</u>	<u>218,275</u>	<u>210,570</u>	<u>213,354</u>	<u>196,825</u>	<u>204,827</u>	<u>216,679</u>	<u>174,419</u>	<u>166,875</u>	<u>159,332</u>
Program Revenues:										
Governmental activities:										
Charges for services										
General government	777	886	938	849	1,069	1,158	1,669	1,775	1,771	1,573
Public safety	1,701	1,570	1,554	2,294	1,365	674	1,656	1,258	1,219	919
Inspections and permits	1,204	616	1,966	484	481	458	1,370	1,069	638	404
Education	8,307	7,784	7,869	6,640	5,727	5,062	4,174	3,416	3,305	2,893
Other	810	936	909	930	1,029	997	1,106	1,286	1,204	1,215
Operating grants and contributions	84,960	76,654	76,757	77,598	72,772	71,002	90,525	60,149	59,601	53,269
Capital grants and contributions	3	200	276	6,536	1,751	3,736	644	1,330	1,290	5,769
Total governmental activities program revenues	<u>97,762</u>	<u>88,646</u>	<u>90,269</u>	<u>95,331</u>	<u>84,194</u>	<u>83,087</u>	<u>101,144</u>	<u>70,283</u>	<u>69,028</u>	<u>66,042</u>
Net Expense:										
Governmental activities	<u>(140,253)</u>	<u>(129,629)</u>	<u>(120,301)</u>	<u>(118,023)</u>	<u>(112,631)</u>	<u>(121,740)</u>	<u>(115,535)</u>	<u>(104,136)</u>	<u>(97,847)</u>	<u>(93,290)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	117,749	116,396	107,062	104,956	98,212	100,021	98,825	103,425	97,497	96,568
Grants and contributions not restricted to specific programs	6,955	5,667	6,349	5,418	5,728	5,846	7,085	6,405	5,617	4,870
Unrestricted investment earnings	30	40	67	42	79	561	1,443	1,981	1,548	623
Other general revenues	969	745	1,698	1,721	377	2,125	1,405	329	136	315
Special items							(2,891)	(3,311)	(12,308)	(1,906)
Total governmental activities	<u>125,703</u>	<u>122,848</u>	<u>115,176</u>	<u>112,137</u>	<u>104,396</u>	<u>108,553</u>	<u>105,867</u>	<u>108,829</u>	<u>92,490</u>	<u>100,470</u>
Changes in Net Position:										
Governmental activities	<u>\$ (14,550)</u>	<u>\$ (6,781)</u>	<u>\$ (5,125)</u>	<u>\$ (5,886)</u>	<u>\$ (8,235)</u>	<u>\$ (13,187)</u>	<u>\$ (9,668)</u>	<u>\$ 4,693</u>	<u>\$ (5,357)</u>	<u>\$ 7,180</u>

Notes:

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

TABLE 3

TOWN OF EAST HARTFORD, CONNECTICUT

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

In Thousands

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:										
Reserved	\$	\$	\$	\$	\$ 906	\$ 943	\$ 867	\$ 968	\$ 344	\$ 353
Unreserved					12,038	12,699	14,342	14,817	11,428	11,006
Nonspendable										
Restricted										
Committed										
Assigned	626	1,338	1,257	668						
Unassigned	13,967	13,288	13,954	12,850						
Total General Fund	\$ <u>14,593</u>	\$ <u>14,626</u>	\$ <u>15,211</u>	\$ <u>13,518</u>	\$ <u>12,944</u>	\$ <u>13,642</u>	\$ <u>15,209</u>	\$ <u>15,785</u>	\$ <u>11,772</u>	\$ <u>11,359</u>
All Other Governmental Funds:										
Reserved	\$	\$	\$	\$	\$ 11,335	\$ 6,329	\$ 8,090	\$ 4,334	\$ 5,576	\$ 9,847
Unreserved, reported in:										
Special revenue funds					1,149	1,187	441	(127)	(402)	41
Capital projects funds					209	(3,994)	4,153	(2,974)	(639)	(11,717)
Nonspendable	174	171	190	192						
Restricted	726	613	1,239	1,678						
Committed	12,060	8,212	5,166	5,947						
Assigned										
Unassigned	(1,473)	(7,791)	(1,535)	(7,867)						
Total All Other Governmental Funds	\$ <u>11,487</u>	\$ <u>1,205</u>	\$ <u>5,060</u>	\$ <u>(50)</u>	\$ <u>12,693</u>	\$ <u>3,522</u>	\$ <u>12,684</u>	\$ <u>1,233</u>	\$ <u>4,535</u>	\$ <u>(1,829)</u>

Notes:

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

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

LAST TEN FISCAL YEARS
In Thousands

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
General property taxes	\$ 118,022	\$ 115,890	\$ 107,495	\$ 103,943	\$ 98,458	\$ 100,745	\$ 97,595	\$ 103,853	\$ 97,463	\$ 97,930
Licenses and permits	1,389	782	2,132	648	652	616	1,584	1,233	1,232	957
Intergovernmental revenues	91,918	81,970	82,919	89,271	80,178	80,566	97,469	66,994	65,729	63,378
Charges for services	11,246	10,564	10,839	10,060	8,661	8,327	8,118	7,291	6,753	5,884
Investment income	23	37	66	31	63	415	859	1,185	911	363
Other	1,001	1,490	2,400	2,135	777	1,590	2,651	1,545	1,993	1,276
Total revenues	<u>223,599</u>	<u>210,733</u>	<u>205,851</u>	<u>206,088</u>	<u>188,789</u>	<u>192,259</u>	<u>208,276</u>	<u>182,101</u>	<u>174,081</u>	<u>169,788</u>
Expenditures:										
Current:										
General government	35,326	35,450	31,988	28,606	27,582	27,488	24,524	26,425	25,479	23,739
Public safety	28,168	26,849	26,491	26,655	25,199	24,916	25,274	23,927	23,322	22,086
Inspections and permits	644	656	639	645	682	849	744	672	678	658
Public works	9,778	8,877	8,548	9,338	9,151	10,422	9,540	9,150	8,568	8,646
Parks and recreation	3,224	3,135	3,071	3,627	3,549	3,551	3,611	3,723	3,654	3,932
Health and social services	3,176	3,186	2,985	2,900	2,680	2,707	3,030	3,525	4,178	3,377
Education	132,181	120,645	118,527	115,802	109,723	110,383	130,864	99,925	97,403	92,182
Capital outlay	11,885	8,231	8,916	23,668	8,391	14,603	11,206	6,546	12,132	15,311
Debt service:										
Principal	8,747	8,626	8,005	7,409	6,235	7,807	7,032	7,104	7,077	6,476
Interest	1,536	1,536	1,753	1,753	3,304	1,970	1,751	1,971	1,932	1,973
Total expenditures	<u>234,665</u>	<u>217,191</u>	<u>210,923</u>	<u>220,403</u>	<u>196,496</u>	<u>204,696</u>	<u>217,576</u>	<u>182,968</u>	<u>184,423</u>	<u>178,380</u>
Excess of Revenues Under Expenditures	<u>(11,066)</u>	<u>(6,458)</u>	<u>(5,072)</u>	<u>(14,315)</u>	<u>(7,707)</u>	<u>(12,437)</u>	<u>(9,300)</u>	<u>(867)</u>	<u>(10,342)</u>	<u>(8,592)</u>
Other Financing Sources (Uses):										
Multi-year lease purchase agreements	2,215	1,900	813	2,146	7,400	1,861	6,175	1,578	1,759	1,189
Bonds issued	19,100		16,280		8,675		14,000		15,360	
Refunding bonds		12,230			8,370					
Premium on refunding bonds		1,076	193		457					
Payment to refunding bond escrow agent		(13,188)	(5,411)		(8,701)					
Transfers in	1,741	2,347	1,303	644	416	836	2,889	463	2,939	1,195
Transfers out	(1,741)	(2,347)	(1,303)	(644)	(436)	(962)	(2,889)	(463)	(2,939)	(1,195)
Total other financing sources	<u>21,315</u>	<u>2,018</u>	<u>11,875</u>	<u>2,146</u>	<u>16,181</u>	<u>1,735</u>	<u>20,175</u>	<u>1,578</u>	<u>17,119</u>	<u>1,189</u>
Net Change in Fund Balances	<u>\$ 10,249</u>	<u>\$ (4,440)</u>	<u>\$ 6,803</u>	<u>\$ (12,169)</u>	<u>\$ 8,474</u>	<u>\$ (10,702)</u>	<u>\$ 10,875</u>	<u>\$ 711</u>	<u>\$ 6,777</u>	<u>\$ (7,403)</u>
Debt Service as a % of Noncapital Expenditures	<u>4.46%</u>	<u>4.77%</u>	<u>4.74%</u>	<u>4.44%</u>	<u>4.98%</u>	<u>5.07%</u>	<u>4.18%</u>	<u>5.05%</u>	<u>5.00%</u>	<u>5.14%</u>

Notes:

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

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

LAST TEN FISCAL YEARS
In Thousands

Fiscal Year	Grand List Year	Real Property		Vacant Land	Motor Vehicles	Personal Property	Gross Taxable Assessed Value	Less Tax Exempt Property	Net Taxable Assessed Value	Basic Rate	General Obligation Debt Service Rate	Total Direct Tax Rate (in mills)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
		Residential	Industrial and Commercial											
2014	2012	\$ 1,465,915	\$ 750,497	\$ 25,775	\$ 260,188	\$ 431,244	\$ 2,933,619	\$ 241,911	\$ 2,691,708	40.82	3.08	43.90	\$ 3,845,297	70.00%
2013	2011	1,464,763	747,531	25,689	269,822	411,994	2,919,799	224,557	2,695,242	39.72	3.07	42.79	\$ 3,850,346	70.00%
2012	2010	1,877,590	764,534	25,836	248,757	433,077	3,349,794	254,495	3,095,299	31.81	2.61	34.42	4,421,856	70.00%
2011	2009	1,873,732	764,118	25,992	242,084	418,351	3,324,277	234,160	3,090,117	31.19	2.63	33.82	4,414,453	70.00%
2010	2008	1,868,224	769,427	27,637	242,895	407,506	3,315,689	212,152	3,103,537	28.90	2.77	31.67	4,433,624	70.00%
2009	2007	1,862,039	777,269	27,266	252,061	425,747	3,344,382	171,889	3,172,493	29.13	2.54	31.67	4,532,133	70.00%
2008	2006	1,850,994	732,787	28,122	246,634	438,624	3,297,161	572,574 (2)	2,724,587	33.38	2.74	36.12	3,892,267	70.00%
2007	2005	1,113,874	593,264	21,123	244,135	482,386	2,454,782	119,327	2,335,455	40.26	3.36	43.62	3,336,364	70.00%
2006	2004	1,110,108	591,911	19,834	232,206	493,232	2,447,291	113,364	2,333,927	38.06	3.28	41.34	3,334,181	70.00%
2005	2003	1,107,064	587,938	19,513	214,968	519,667	2,449,150	96,384	2,352,766	37.17	3.16	40.33	3,361,094	70.00%

Source: Town of East Hartford, Office of Tax Assessor

Notes:

- (1) 2006 and 2011 real property grand lists are adjusted to reflect statutory revaluation.
- (2) 2006 exemptions include \$444,945 for revaluation phase-in.
- (3) The Town assesses property at 70% of actual value for all types of real and personal property.

TABLE 6

TOWN OF EAST HARTFORD, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

In Thousands

Taxpayer	Nature of Business	October 1, 2012			October 1, 2003		
		Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
United Technologies Corp.	Manufacturing	\$ 336,996	1	12.52%	\$ 411,714	1	17.50%
Freemont Riverview LLC	Offices	45,687	2	1.70%	15,523	4	0.66%
Connecticut Light and Power	Utility	27,269	3	1.01%	14,379	6	0.61%
Merchant 99 111 Founder LLC	Offices	26,511	4	0.98%			
Cabela's Inc.	Retail	26,414	5	0.98%			0.00%
Connecticut Natural Gas	Utility	23,583	6	0.88%			
Ansonia Acquisitions	Apartment Buildings	22,012	7	0.82%	13,921	7	0.59%
Coca Cola Bottling Co.	Beverage Mfg/Dist.	18,966	8	0.70%	33,396	3	1.42%
Founders 14 LLC	Commercial R.E.	13,256	9	0.49%			
Bank of America	Offices	12,688	10	0.47%			0.00%
Computer Sciences	Leasing				34,639	2	1.47%
Freemont Prestige Park LLC	Industrial & Comm. R.E.				14,882	5	0.63%
Riverside Health Care	Health Care				12,397	8	0.53%
Hallkeen East Hartford Ltd.	Apartments				10,722	9	0.46%
Woodgreen Management	Shopping Center				10,255	10	0.44%
Total		\$ 553,382		20.56%	\$ 571,828		24.30%

Source: Town of East Hartford, Office of Tax Assessor

TABLE 7

TOWN OF EAST HARTFORD, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
In Thousands

Fiscal Year Ended June 30,	Grand List Year	Net Taxable Assessed Value	Tax Rate in Mills	Original Tax Levy	Adjusted Tax Levy	Collected Within the Fiscal Year of Levy		Collections In Subsequent Years	Total Collections To Date	
						Amount	Percent of Levy		Amount	Percentage of Levy
2014	2012	\$ 2,691,710	45.40	\$ 118,547	\$ 117,379	\$ 114,914	96.94%	\$	\$ 114,914	97.90%
2013	2011	2,695,243	42.79	115,680	115,155	111,797	96.64%	1,976	113,773	98.80%
2012	2010	3,095,299	34.42	106,409	106,016	103,104	96.89%	1,787	104,891	98.94%
2011	2009	3,090,117	33.82	104,383	104,001	101,051	96.81%	1,793	102,844	98.89%
2010	2008	3,103,537	31.67	98,018	97,618	95,398	97.33%	1,241	96,639	99.00%
2009	2007	3,172,493	31.67	100,533	99,128	96,764	96.25%	1,633	98,397	99.26%
2008	2006	2,724,587	36.12	98,717	98,607	94,616	95.85%	1,786	96,402	97.76%
2007	2005	2,335,455	43.62	102,476	102,212	99,595	97.19%	2,031	101,626	99.43%
2006	2004	2,333,927	41.34	97,083	96,525	94,413	97.25%	1,628	96,041	99.50%
2005	2003	2,352,766	40.33	95,289	95,002	92,862	97.45%	2,140	95,002	100.00%

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

TOWN OF EAST HARTFORD, CONNECTICUT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

In Thousands

Governmental Activities										Total Primary Government Debt Per Capita	Ratio of Primary Government Debt to Personal Income	Ratio of Net Bonded Debt to Estimated Actual Assessed Value	Ratio of Net Bonded Debt Per Capita
General Obligation Bonds							Total Primary Government						
Fiscal Year	General Purpose	Schools	Urban Renewal	Unamortized Bond Premiums	Less: School Building Grants (2)	Total Net Bonded Debt		Capital Leases					
2014	\$ 50,683	\$ 897	\$	\$ 1,344	\$	\$ 52,924	\$ 14,692	\$ 67,616	\$ 1,318	5.32%	1.38%	\$ 1,032	
2013	37,938	1,052		1,490		40,480	14,505	54,985	1,073	4.31%	1.05%	790	
2012	43,939	1,852	74	511		46,376	14,503	60,879	1,180	4.65%	1.05%	899	
2011	38,462	2,615	148	393		41,618	15,306	56,924	1,111	5.10%	0.94%	812	
2010	43,765	3,430	205	428		47,828	14,545	62,373	1,279	5.88%	1.08%	981	
2009	40,185	3,614	1,351			45,150	9,070	54,220	1,084	4.98%	1.00%	903	
2008	44,820	4,820	1,530		23	51,147	8,996	60,143	1,203	5.53%	1.31%	1,023	
2007	34,752	5,627	2,621		46	42,954	4,023	46,977	948	4.35%	1.29%	866	
2006	38,437	6,748	3,710		69	48,826	3,654	52,480	1,052	4.83%	1.46%	978	
2005	26,586	7,979	4,790		405	38,950	3,152	42,102	846	3.89%	1.16%	783	

Notes:

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

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

TOWN OF EAST HARTFORD, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2014

In Thousands

Total tax collections, including interest and lien fees for the year ended June 30, 2014	\$ 118,336
Reimbursement for revenue loss on:	
Tax relief for elderly - freeze	<u>1</u>
Total	<u>\$ 118,337</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2-1/4 times base	\$ 266,258	\$	\$	\$	\$
4-1/2 times base		532,517			
3-3/4 times base			443,764		
3-1/4 times base				384,595	
3 times base					355,011
	<u>266,258</u>	<u>532,517</u>	<u>443,764</u>	<u>384,595</u>	<u>355,011</u>
Total debt limitation	<u>266,258</u>	<u>532,517</u>	<u>443,764</u>	<u>384,595</u>	<u>355,011</u>
Indebtedness:					
Bonds payable	50,683	897			
Bonds authorized and unissued	7,840	6,682			
Overlapping debt			75,731		
	<u>58,523</u>	<u>7,579</u>	<u>75,731</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>58,523</u>	<u>7,579</u>	<u>75,731</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 207,735</u>	<u>\$ 524,938</u>	<u>\$ 368,033</u>	<u>\$ 384,595</u>	<u>\$ 355,011</u>

Notes:

- (1) In no event shall total debt exceed seven times annual receipts from taxation \$828,359.
- (2) Bonds authorized-unissued represents bond authorizations for projects which have bond anticipation notes outstanding or for which bonds have been authorized and partially issued.

TOWN OF EAST HARTFORD, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
In Thousands

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limitation	\$ 828,359	\$ 811,027	\$ 747,572	\$ 727,692	\$ 691,145	\$ 702,534	\$ 685,587	\$ 724,570	\$ 682,108	\$ 685,223
Total net debt applicable to limit	<u>141,833</u>	<u>136,287</u>	<u>112,066</u>	<u>99,841</u>	<u>87,791</u>	<u>89,575</u>	<u>68,996</u>	<u>54,306</u>	<u>61,175</u>	<u>58,976</u>
Legal Debt Margin	<u>\$ 686,526</u>	<u>\$ 674,740</u>	<u>\$ 635,506</u>	<u>\$ 627,851</u>	<u>\$ 603,354</u>	<u>\$ 612,959</u>	<u>\$ 616,591</u>	<u>\$ 670,264</u>	<u>\$ 620,933</u>	<u>\$ 626,247</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>17.12%</u>	<u>16.80%</u>	<u>14.99%</u>	<u>13.72%</u>	<u>12.70%</u>	<u>12.75%</u>	<u>10.06%</u>	<u>7.49%</u>	<u>8.97%</u>	<u>8.61%</u>

Source: Comprehensive Annual Financial Report - Schedule of Debt Limitation

Note:

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

TOWN OF EAST HARTFORD, CONNECTICUT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

LAST TEN FISCAL YEARS

In Thousands

Fiscal Year	MDC Overlapping Debt	Percentage Applicable to East Hartford	Town Share of Debt	General Purpose	Schools	Urban Renewal	Unamortized Bond Premiums	Capital Leases	Total Direct	Total Direct and Overlapping Debt
2014	\$ 650,055	11.65 %	\$ 75,731	\$ 50,683	\$ 897		\$ 1,344	\$ 14,505	\$ 67,429	\$ 143,160
2013	559,041	11.39	63,675	37,938	1,052		1,490	14,505	54,985	118,660
2012	419,411	11.51	48,274	43,939	1,852	74	511	14,503	60,879	109,153
2011	33,288	11.65	3,878	38,462	2,615	148	393	15,306	56,924	60,802
2010	206,461	12.13	25,044	43,765	3,430	205	428	14,545	62,373	87,417
2009	134,807	12.53	16,891	40,185	3,614	1,351		9,070	54,220	71,111
2008	107,074	13.10	14,027	44,820	4,820	1,530		8,996	60,166	74,193
2007	75,185	13.34	10,030	34,752	5,627	2,621		4,023	47,023	57,053
2006	82,247	13.58	11,169	38,437	6,748	3,710		3,654	52,549	63,718
2005	89,552	13.42	12,018	26,586	7,979	4,790		3,152	42,507	54,525

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

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

Calendar Year	Population (1)	School Enrollment (1)	Employed (2)	Medium Family Income (1)	Personal Income (in thousands)	Per Capita Income (1)	Percentage Unemployed (2)			
							Town of East Hartford	Hartford Labor Market	State of Connecticut	United States
2014	51,284	7,060	24,184	\$ 47,056	\$ 1,271,802	\$ 24,799	10.0%	7.3%	7.0%	6.3%
2013	51,252	7,209	23,880	51,284	1,274,801	24,799	10.6%	8.7%	8.4%	7.3%
2012	51,594	7,918	24,042	49,772	1,309,817	25,387	10.5%	8.2%	8.9%	7.8%
2011	51,252	7,423	26,037	50,540	1,115,397	21,763	11.5%	9.1%	9.0%	9.6%
2010	48,766	7,916	26,482	51,270	1,061,294	21,763	12.5%	9.4%	9.3%	9.5%
2009	50,010	7,258	23,391	49,754	1,088,368	21,763	10.4%	7.9%	7.9%	9.1%
2008	50,010	7,752	24,171	49,754	1,088,368	21,763	7.2%	5.7%	5.4%	5.5%
2007	49,575	7,918	24,363	50,540	1,078,901	21,763	5.8%	4.4%	4.3%	4.5%
2006	49,902	8,391	N/A	50,540	1,086,017	21,763	6.5%	4.6%	4.5%	4.4%
2005	49,758	8,397	N/A	50,540	1,082,883	21,763	6.7%	5.3%	5.1%	5.1%

Sources:

(1) Connecticut Economic Resource Center

(2) State of Connecticut, Department of Labor

N/A - Not available

TABLE 13

TOWN OF EAST HARTFORD, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	Nature of Business	2014			2005		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Pratt and Whitney Aircraft	Engine Manufacturer	9,000	1	37.21%	8,500	1	34.89%
Town of East Hartford	Municipality	1,780	2	7.36%	1,704	2	6.99%
Goodwin College	Educational Institution	745	3	3.08%			0.00%
Coca Cola Bottling Company	Beverage Mfg. and Dist.	600	4	2.48%	550	3	2.26%
Bank of America (formerly Fleet)	Banking Headquarters	550	5	2.27%			
United Technologies Research	Research Laboratory	500	6	2.07%	480	4	1.97%
CSC Financial	Software Services	490	7	2.03%	250	8	1.03%
Riverside Health Center	Medical Care and Rehabilitation	350	8	1.45%	450	5	1.85%
Cabela's Outdoor Store	Outdoor Supplies	300	9	1.24%			0.00%
Quest Global	Engineering Software	300	9	1.24%			0.00%
Xerox	Office Equipment	300	9	1.24%			0.00%
Connecticut Natural Gas	Energy Utility	263	10	1.09%	300	6	1.23%
BKM/Red Thread	Office Furniture Retailer	200	11	0.83%	120	11	0.49%
Gengras Auto	Automotive	187	12	0.77%			0.00%
Hoffman Auto	Automotive	176	13	0.73%			0.00%
Hop Energy	Energy	160	14	0.66%			0.00%
United Steel	Manufacturing	150	15	0.62%			
Cellu-Tissue	Paper Manufacturing	150	15	0.62%			
CT Judicial Dept.	State of Connecticut	115	16	0.48%			0.00%
CT Dept. of Info. Technology	State of Connecticut			0.00%	266	7	1.09%
Oakleaf Waste Management	Waste Management			0.00%	226	10	0.93%
Addressing Services Inc.	Direct Mail Processor			0.00%	245	9	1.01%
Total		16,316		67.47%	13,091		53.73%

Source: Town of East Hartford, Development Department

TOWN OF EAST HARTFORD, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government (1):										
Administration	48	43	49	50	41	42	54	54	58	52
Police	163	169	169	163	179	185	170	173	173	171
Public Works	71	70	69	69	70	73	72	68	68	72
Inspections and Permits	11	11	11	11	11	13	12	13	13	12
Civil Preparedness	1	1	1	1	1	1	1	1	1	1
Fire	133	133	132	131	132	133	130	132	133	130
Library	14	14	14	14	14	15	14	14	14	14
Parks and Recreation	25	25	24	24	25	25	25	27	27	27
Youth Services	5	5	5	5	5	5	5	4	4	4
Health and Social Services	13	13	13	13	13	15	18	17	17	16
Total General Government	484	484	487	481	491	507	501	503	508	499
Board of Education (2):										
Administration and Principals	47	46	45	41	46	41	49	43	43	36
Teachers	640	633	613	637	636	657	613	641	632	612
Other	609	535	508	516	562	499	515	538	543	554
Total Board of Education	1,296	1,214	1,166	1,194	1,244	1,197	1,177	1,222	1,218	1,202
Total	1,780	1,698	1,653	1,675	1,735	1,704	1,678	1,725	1,726	1,701

Sources:

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

TABLE 15

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

FUNCTION/PROGRAM	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government (1):										
Building permits issued	2,635	2,561	2,827	2,544	947	2,795	2,518	2,659	2,695	2,303
Police (2):										
Physical arrests	2,599	2,485	2,185	2,329	2,884	2,451	2,572	2,132	2,058	2,558
Parking violations	1,148	1,921	1,183	1,619	1,373	1,899	1,781	1,622	3,039	3,825
Traffic violations	7,930	8,155	6,477	6,362	3,581	1,751	2,065	1,653	1,402	3,277
Fire (3):										
Emergency responses	10,476	10,164	10,083	9,781	9,274	9,321	9,504	9,269	9,487	8,956
Fires extinguished	137	151	185	193	118	131	160	238	289	249
Inspections	1,658	1,542	1,520	1,680	1,949	1,513	1,114	1,229	806	900
Refuse collection (4):										
Municipal Solid Waste collected (tons)	14,862	14,750	14,775	14,287	16,129	16,326	16,982	17,351	18,056	17,958
Parks and recreation (5):										
Community center admissions	35,500	35,000	36,500	46,361	36,817	27,322	26,368	25,602	25,186	22,492
Library (6):										
Volumes in collection	158,622	198,957	233,761	212,211	225,780	214,639	203,575	196,138	192,049	189,645
Total volumes borrowed	120,169	133,522	152,876	153,424	239,669	142,709	141,942	141,170	152,581	161,404

Sources:

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

N/A: Information is not available.

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

FUNCTION/PROGRAM	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government (1):										
Town buildings	52	52	52	52	52	54	53	53	53	53
Public safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire (2):										
Firefighting/rescue vehicles	16	16	17	17	17	17	14	14	15	15
Other vehicles	15	14	16	16	18	18	18	17	16	16
Fire stations	5	5	5	5	5	5	5	5	5	5
Parks and recreation (3):										
Parks	17	17	17	17	17	17	16	16	16	16
Recreation fields and courts:										
Number of basketball courts	19	19	19	19	19	19	19	19	13	13
Number of football fields	2	2	2	2	2	2	2	2	2	2
Number of multi-use fields	4	4	4	4	4	4	4	4	4	4
Number of playgrounds	15	15	15	15	15	15	15	15	11	11
Number of soccer fields	9	9	9	9	9	9	9	6	6	6
Number of softball fields	7	7	7	7	7	7	7	6	2	2
Number of tennis courts	6	6	6	6	6	6	6	6	6	6
Mowers	10	10	10	10	10	10	10	8	7	7
Other vehicles	22	22	22	22	22	22	22	20	22	23
Education (4):										
School buildings	16	16	16	16	17	17	17	17	17	17
Administrative buildings	2	2	2	2	2	2	2	2	2	2

Sources:

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