

**TOWN OF EASTON, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010**

# TOWN OF EASTON, CONNECTICUT

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## Independent Auditors' Report

Board of Finance  
Town of Easton  
Easton, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2010 on our consideration of the Town of Easton, Connecticut's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 9, the budgetary comparison information on pages 45 through 49, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Easton, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

December 28, 2010

**TOWN OF EASTON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Management of the Town of Easton offers readers these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2010.

The purpose of the MD&A is to provide to the reader an interpretation of the financial information and results of the fiscal year.

**Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$59,851,023 (*net assets*). Of this amount, \$6,108,803 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$1,290,605. Substantially all of the increase is attributable to capital expenditures in excess of depreciation expense and an increase in investment income.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined deficit ending fund balance of \$(3,328,168). The deficit is attributable to capital projects that have not yet been permanently financed.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the general fund was \$3,619,684 or 8.9% of total general fund expenditures and transfers out.
- The Town's total long-term obligations decreased by \$1,490,000 during the current fiscal year.

**Overview of the Basic Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town of Easton's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present only government activities whose functions are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include general government, public safety, public works, health and welfare, education, library, and parks and recreation.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Town maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and bonded capital project fund, both of which are considered to be a major fund. Data from the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary Funds.** The Town maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for the Board of Education medical insurance benefits. This activity has been included within governmental activities in the government-wide financial statements.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **Other Information.**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

#### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$59,851,023 at the close of the most recent fiscal year.

A large portion of the Town's net assets (89.7%) reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, building improvements, machinery and equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN OF EASTON NET ASSETS  
JUNE 30, 2010 AND 2009**

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Current and other assets	\$ 12,305,222	\$ 13,388,939
Capital assets, net of accumulated depreciation	93,458,482	92,872,074
Total assets	<u>105,763,704</u>	<u>106,261,013</u>
Long-term debt outstanding	31,303,111	33,352,859
Other liabilities	14,609,570	14,347,736
Total liabilities	<u>45,912,681</u>	<u>47,700,595</u>
Net Assets:		
Invested in capital assets, net of debt	53,742,220	51,600,421
Unrestricted	<u>6,108,803</u>	<u>6,959,997</u>
Total Net Assets	<u>\$ 59,851,023</u>	<u>\$ 58,560,418</u>

None of the Town's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$6,108,803, may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in both categories of net assets for the Town as a whole.

**TOWN OF EASTON CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Revenues:		
Program revenues:		
Charges for services	\$ 1,748,630	\$ 2,532,048
Operating grants and contributions	2,460,870	2,861,357
Capital grants and contributions		704,000
General revenues:		
Property taxes	36,028,201	36,009,839
Grants and contributions not restricted to specific purposes	280,491	280,850
Investment income	563,996	474,555
Miscellaneous	21,940	47,636
Total revenues	<u>41,104,128</u>	<u>42,910,285</u>
 Program expenses:		
General government	3,393,337	4,092,538
Public safety	3,564,387	3,664,813
Public works	3,061,206	3,285,768
Health and welfare	504,100	1,062,518
Education	26,294,245	25,363,524
Library	859,668	776,519
Parks and recreation	791,741	979,176
Interest expense	1,344,839	1,573,181
Total expenses	<u>39,813,523</u>	<u>40,798,037</u>
 Increase in Net Assets	1,290,605	2,112,248
 Net Assets - Beginning of Year	<u>58,560,418</u>	<u>56,448,170</u>
 Net Assets - End of Year	<u><u>\$ 59,851,023</u></u>	<u><u>58,560,418</u></u>

Capital grants and contributions decreased by \$704,000 (100%) during the year. This decrease is due to a one time grant received last year to fund the construction of the senior center.

**Financial Analysis of the Town's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported a combined deficit ending fund balance of \$(3,328,168), which is mainly attributed to the issuance of bond anticipation notes.



The general fund is the operating fund of the Town. At the end of the current fiscal year, unreserved, undesignated fund balance was \$3,619,684. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total general fund expenditures. Unreserved and undesignated fund balance represents 8.9% of total general fund expenditures and other financing uses, while total fund balance represents 10.4% of that same amount.

### **General Fund Budgetary Highlights**

The most significant difference between the original budget and the final amended budget included additional appropriations and revenue transfers in of \$95,211 and budget transfers of \$172,800 from various departments to the transfers out account to purchase equipment. The Board of Finance made a special appropriation to the Senior Center and transferred funds from police special service revenue to cover the expenditure.

A positive budget variance of \$123,701 in the fringe benefit account was mainly due to the increased percentage deductions from employees as well as the reduced premiums in insurance costs due to a change in benefit plans and the employees election to accept "in lieu of" the medical coverage. Also, there is a positive variance in the contingency account as the union contracts have not been settled to date.

### **Bonded Capital Projects Fund**

This fund accounts for financial resources from general obligation bonds to be used for major capital asset construction and/or purchases.

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

**Capital Assets.** The Town's investment in capital assets as of June 30, 2010 is \$93,458,482 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, building improvements, machinery and equipment and vehicles.

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

- The Wells Hill Bridge Project.
- The (Old SSES) 660 Morehouse Road Facilities and the Easton Country Day has been renovated with a Fire Suppression System.
- Construction has begun for the new Animal Shelter Facility that is being funded by two (2) grants and bonding.
- A new EMS ambulance was purchased this year.
- The remaining additions and deletions consisted of various equipment and vehicles for Town departments.

**TOWN OF EASTON CAPITAL ASSETS**  
(Net of Depreciation)

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Land	\$ 19,028,656	\$ 19,028,656
Construction in progress	76,402	1,549,038
Land improvements	476,261	439,332
Buildings	54,568,750	53,822,153
Building improvements	1,290,974	247,665
Machinery and equipment	342,696	337,142
Vehicles	1,491,519	1,519,875
Infrastructure	16,183,224	15,928,213
Total	<u>\$ 93,458,482</u>	<u>\$ 92,872,074</u>

Additional information on the Town's capital assets can be found in Note 5 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the Town had total debt outstanding of \$39,895,000. All of this debt comprises debt backed by the full faith and credit of the Town.

**TOWN OF EASTON OUTSTANDING DEBT**  
General Obligation Bonds and Notes

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
General obligation bonds - Town improvements	\$ 5,290,500	\$ 5,902,500
General obligation bonds - School improvements	23,554,500	25,557,500
Bond anticipation notes	11,050,000	9,925,000
Total	<u>\$ 39,895,000</u>	<u>\$ 41,385,000</u>

The Town is also obligated for a portion of the Regional School District No. 9 general obligation debt in the net amount of \$9,883,860.

On November 6, 2009, the Town issued \$11,050,000 of bond anticipation notes. These bond anticipation notes bear interest at 1.0% and mature on July 15, 2010, and are for elementary school construction, water main improvements and land acquisition.

During the fiscal year, the Town made bond principal payments of \$2,615,000 for school and general purpose debt.

The Town maintains an "Aa1" credit rating from Moody's Investors Service, Inc., for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$251,895,203 which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 8 of this report.

### **Economic Factors and Next Year's Budget and Rates**

The following are some factors that were considered in preparing the Town's budget for the 2011 fiscal year:

- The unemployment rate for the Town is currently 8.2%. This compares favorably to the state's average unemployment rate of 9.1% and the national average rate of 9.6 %.
- Inflationary trends in the region compare favorably to national indices.
- Town's elected and appointed officials considered Town-wide trends when setting the fiscal year 2011 budget. The Town decided that it was important to continue to support the school system and adopt a budget designed to promote long-term financial stability, conservative budgeting, and while at the same time, providing excellent services to our residents and taxpayers. In order to meet these objectives, work hours have been reduced in many departments, some services were reduced, and layoffs have occurred.
- At June 30, 2010, unreserved and undesignated fund balance in the general fund was \$3,619,684.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chairman, Board of Finance or the Office of the Comptroller, Town of Easton, 225 Center Road, Easton, Connecticut 06612.

## TOWN OF EASTON, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2010

	<b>Governmental Activities</b>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,792,504
Investments	8,137,251
Receivables, net	1,234,831
Other assets	1,043
Bond issuance costs	85,964
Total current assets	<u>12,251,593</u>
Noncurrent assets:	
Capital assets:	
Assets not being depreciated	19,105,058
Assets being depreciated, net	74,353,424
Total capital assets	<u>93,458,482</u>
Net pension asset	53,629
Total noncurrent assets	<u>93,512,111</u>
Total assets	<u>105,763,704</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	2,790,506
Due to Regional School District No. 9	711,373
Unearned revenue	57,691
Bond anticipation notes	11,050,000
Total current liabilities	<u>14,609,570</u>
Noncurrent liabilities:	
Long-term liabilities due within one year	2,590,274
Long-term liabilities due in more than one year	28,712,837
Total noncurrent liabilities	<u>31,303,111</u>
Total liabilities	<u>45,912,681</u>
Net Assets:	
Invested in capital assets, net of related debt	53,742,220
Unrestricted	6,108,803
Total Net Assets	<u>\$ 59,851,023</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs	Program Revenues				Net Expenses and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 3,393,337	\$ 585,936	\$ 48,005	\$	\$ (2,759,396)
Public safety	3,564,387	271,846	67,514		(3,225,027)
Public works	3,061,206	417,865			(2,643,341)
Health and welfare	504,100	106,821	35,152		(362,127)
Education	26,294,245	26,373	2,257,199		(24,010,673)
Library	859,668	55,471	18,000		(786,197)
Parks and recreation	791,741	284,318	35,000		(472,423)
Interest and fiscal charges	1,344,839				(1,344,839)
Total Governmental Activities	<u>\$ 39,813,523</u>	<u>\$ 1,748,630</u>	<u>\$ 2,460,870</u>	<u>\$ -</u>	<u>(35,604,023)</u>
General revenues:					
Property taxes					36,028,201
Grants and contributions not restricted to specific programs					280,491
Investment income					563,996
Miscellaneous					21,940
Total general revenues					<u>36,894,628</u>
Change in Net Assets					1,290,605
Net Assets - Beginning of Year					<u>58,560,418</u>
Net Assets - End of Year					<u>\$ 59,851,023</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2010**

	<u>General</u>	<u>Bonded Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 589,724	\$ 285,036	\$ 1,900,296	\$ 2,775,056
Investments	7,344,643		792,608	8,137,251
Receivables:				
Property taxes	600,637			600,637
Accounts	116,673		76,159	192,832
Intergovernmental	195,135			195,135
Due from other funds		361,560	736,576	1,098,136
Other assets	<u>1,043</u>			<u>1,043</u>
Total Assets	<u>\$ 8,847,855</u>	<u>\$ 646,596</u>	<u>\$ 3,505,639</u>	<u>\$ 13,000,090</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 867,967	\$ 389,914	\$ 205,395	\$ 1,463,276
Accrued liabilities	1,047,682			1,047,682
Due to Regional School District No. 9	711,373			711,373
Due to other funds	1,291,707			1,291,707
Unearned revenue	720,242	40,635	3,343	764,220
Bond anticipation notes		10,209,805	840,195	11,050,000
Total liabilities	<u>4,638,971</u>	<u>10,640,354</u>	<u>1,048,933</u>	<u>16,328,258</u>
Fund balances:				
Unreserved, reported in:				
Designated for subsequent year's budget	352,000			352,000
Designated for potential claims	140,000			140,000
Designated for debt service	97,200			97,200
General Fund	3,619,684			3,619,684
Special revenue funds			2,511,838	2,511,838
Capital projects funds		(9,993,758)	(55,132)	(10,048,890)
Total fund balances	<u>4,208,884</u>	<u>(9,993,758)</u>	<u>2,456,706</u>	<u>(3,328,168)</u>
Total Liabilities and Fund Balances	<u>\$ 8,847,855</u>	<u>\$ 646,596</u>	<u>\$ 3,505,639</u>	<u>\$ 13,000,090</u>

(Continued on next page)

## TOWN OF EASTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

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

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

Fund balances - total governmental funds	\$ (3,328,168)
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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	\$ 120,833,144	
Less accumulated depreciation	<u>(27,374,662)</u>	
Net capital assets		93,458,482

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

Net pension asset	53,629
Property tax receivables greater than 60 days	535,384
Interest receivable on property taxes	246,227
Bond issue costs	85,964
Receivable from the state for school construction projects	171,145

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

153,664

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

Bonds and notes payable	(28,845,000)
Interest payable on bonds and notes	(222,193)
Compensated absences	(1,049,045)
Net OPEB obligation	(496,897)
Deferred charges on refunding	195,568
Bond premium	(16,833)
Heart and hypertension	<u>(1,090,904)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 59,851,023</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF EASTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Bonded Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 36,066,760	\$	\$	\$ 36,066,760
Intergovernmental	2,035,401		631,874	2,667,275
Charges for services	927,634		831,906	1,759,540
Investment income	465,626	4,401	93,969	563,996
Contributions			85,116	85,116
Total revenues	<u>39,495,421</u>	<u>4,401</u>	<u>1,642,865</u>	<u>41,142,687</u>
Expenditures:				
Current:				
General government	2,082,742		89,506	2,172,248
Public safety	2,310,076		107,627	2,417,703
Public works	2,037,803		297,323	2,335,126
Health and welfare	331,330		37,481	368,811
Education	25,004,081		497,639	25,501,720
Library	540,918		62,536	603,454
Parks and recreation	379,059		240,450	619,509
Employee benefits	2,836,478			2,836,478
Insurance	545,745			545,745
Debt service	4,006,443			4,006,443
Capital outlay		55,695	955,257	1,010,952
Total expenditures	<u>40,074,675</u>	<u>55,695</u>	<u>2,287,819</u>	<u>42,418,189</u>
Deficiency of Revenues over Expenditures	<u>(579,254)</u>	<u>(51,294)</u>	<u>(644,954)</u>	<u>(1,275,502)</u>
Other Financing Sources (Uses):				
Sale of capital assets	1,450			1,450
Transfers in	100,000		285,498	385,498
Transfers out	<u>(235,803)</u>		<u>(149,695)</u>	<u>(385,498)</u>
Net other financing sources (uses)	<u>(134,353)</u>	<u>-</u>	<u>135,803</u>	<u>1,450</u>
Net Change in Fund Balances	(713,607)	(51,294)	(509,151)	(1,274,052)
Fund Balances - Beginning of Year	<u>4,922,491</u>	<u>(9,942,464)</u>	<u>2,965,857</u>	<u>(2,054,116)</u>
Fund Balances - End of Year	<u>\$ 4,208,884</u>	<u>\$ (9,993,758)</u>	<u>\$ 2,456,706</u>	<u>\$ (3,328,168)</u>

(Continued on next page)



## TOWN OF EASTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

Reconciliation of changes in fund balances - governmental funds to changes in net assets of governmental activities

Amounts reported for governmental activities in the statement of activities (Exhibit II) are due to:

Net change in fund balances - total governmental funds (Exhibit IV) \$ (1,274,052)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	2,092,638
Depreciation expense	(1,491,494)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

(14,736)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:

School building grant receipts	(149,066)
Increase in property tax receivable - accrual basis change	52,730
Increase in property tax interest and lien revenue	(91,289)
Net pension asset	(144,146)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of long-term debt and related items are as follows:

Principal repayments:	
Payments on bond principal	2,615,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net OPEB expense	(265,508)
Heart and hypertension claims	(191,620)
Compensated absences	(73,512)
Accrued interest payable	70,355
Amortization of bond premium	3,366
Amortization of bond issue costs	(9,338)
Amortization of deferred charges	(17,779)

Internal Service Funds are used by management to charge costs of medical insurance to individual departments:

The net expense of the activities of the Internal Service Fund is reported with governmental activities	<u>179,056</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 1,290,605</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF EASTON, CONNECTICUT

## STATEMENT OF NET ASSETS

## PROPRIETARY FUND

JUNE 30, 2010

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Assets:	
Current asset:	
Cash	17,448
Due from other funds	\$ 193,571
Total assets	<u>211,019</u>
Liabilities:	
Current liabilities:	
Claims payable	<u>57,355</u>
Net Assets:	
Unrestricted	\$ <u><u>153,664</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF EASTON, CONNECTICUT

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

## PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2010

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Operating Revenue:	
Premiums	\$ 1,878,619
Operating Expenses:	
Claims	1,529,580
Administration	170,018
Total operating expenses	1,699,598
Operating income	179,021
Nonoperating Revenue:	
Investment income	35
Change in Net Assets	179,056
Total Net Assets - Beginning of Year	(25,392)
Total Net Assets - End of Year	\$ 153,664

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Cash Flows from Operating Activities:	
Premiums received	\$ 1,829,433
Claim payments	(1,642,002)
Administrative payments	(170,018)
Net cash provided by operating activities	<u>17,413</u>
Cash Flows from Investing Activities:	
Income on investments	<u>35</u>
Net Increase in Cash	17,448
Cash - Beginning of Year	<u>-</u>
Cash - End of Year	<u><u>\$ 17,448</u></u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating income	\$ 179,021
Adjustments to reconcile operating income to net cash	
provided by operating activities:	
Increase (decrease):	
Claims payable	(73,116)
Other liabilities	(39,306)
Decrease:	
Due from other funds	<u>(49,186)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 17,413</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET ASSETS**

**FIDUCIARY FUNDS**

**JUNE 30, 2010**

	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
Assets:		
Cash and cash equivalents	\$ 1,249,252	\$ 1,293,033
Investments, at fair value:		
Mutual funds	8,823,881	
Accounts receivable	60,213	
Prepaid benefits	<u>44,317</u>	
Total assets	10,177,663	\$ <u><u>1,293,033</u></u>
Liability:		
Accounts payable	<u>                    </u>	\$ <u><u>1,293,033</u></u>
Net Assets:		
Net assets held in trust for pension benefits	<u><u>\$ 10,177,663</u></u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF EASTON, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Pension Trust Fund</b>
Additions:	
Contributions:	
Employer	\$ 554,000
Plan members	186,486
Total contributions	<u>740,486</u>
Investment income:	
Net appreciation in fair value of investments	575,861
Interest and dividends	239,348
Net investment income	<u>815,209</u>
Total net additions	1,555,695
Deductions:	
Benefits	<u>507,284</u>
Changes in Net Assets	1,048,411
Net Assets - Beginning of Year	<u>9,129,252</u>
Net Assets - End of Year	<u><u>\$ 10,177,663</u></u>

The accompanying notes are an integral part of the financial statements

## **TOWN OF EASTON, CONNECTICUT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

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

The financial statements of the Town of Easton (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 1845. The Town governs itself by majority vote of the Town Meeting, its legislative body. The executive body is the Board of Selectmen. The Town provides the following services: public safety (police and fire), public works, parks and recreation, education and library.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to "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 and major individual enterprise 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 and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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, expenditure reimbursement type grants, certain intergovernmental revenues, transfers, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Bonded Capital Projects Fund accounts for the financial revenues to be used for major capital asset construction and/or purchases funded by debt issuances.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for risk financing activities for the medical insurance benefits as allowed by GASB Statement No. 10.

The Pension Trust Fund accounts for the activities of the Easton Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The Agency Fund accounts for monies held on behalf of students and amounts held for performance related activities.



Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The Town also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges to customers for medical insurance benefits. Operating expenses for internal service funds include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating 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.

#### **D. Assets, Liabilities and Net Assets or Equity**

##### **Deposits and Investments**

Deposits - The Town considers cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisitions.

Investments - Investments for the Town are reported at fair value.

##### **Receivables and Payables**

##### **Interfunds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

## Property Taxes and Other Receivables

For the government-wide financial statements, all trade, property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 8-20% of outstanding receivable balances at June 30, 2010, and are calculated based upon prior collections.

For the fund financial statements, property taxes receivable at June 30, 2010, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

## Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. 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 are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	75
Building improvements	30-50
Land improvements	6-25
Vehicles	4-28
Equipment	4-28
Infrastructure	75

## **Compensated Absences**

Employees are paid by prescribed formulas for absence due to vacation or sickness. The eligibility for vacation pay vests when earned for all Town employees except the Police Department, Highway Department, Fire Department and certified employees of the Easton Board of Education employees. All compensated absences are paid by the General Fund.

## **Long-Term Obligations**

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

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

## **Fund Equity and Net Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, net assets are classified into the following categories:

### Invested in Capital Assets, Net of Related Debt

This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purpose is excluded.

### Restricted Net Assets

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

### Unrestricted Net Assets

This category presents the net assets of the Town which are not restricted.

## **Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

## **Comparative Data/Reclassifications**

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

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

### **A. Budgets and Budgetary Accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the financial statements of the General Fund, the only fund with a legally adopted annual budget. On or before the first Thursday in April, the Board of Finance submits to a Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- The budget is recommended by the Board of Finance at a Town Meeting and, if accepted, is adopted prior to July 1.
- The Board of Finance is authorized to transfer budgeted amounts within and between departments and to approve the first additional appropriation for a department, not to exceed \$20,000, in any one year. Additional appropriations after the first or in excess of \$20,000 must be approved by vote of a Town Meeting. During the year, the Board of Finance or Town Meeting approved additional appropriations of \$21,782 from fund balance.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval.
- Generally, all unencumbered appropriations lapse at year end, except for those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

## **B. Deficit Fund Balance**

The following funds had fund balance deficits at June 30, 2010:

Major Fund:	
Bonded Capital Projects	\$ (9,993,578)
Non-major Funds:	
Solid Waste Program	(42,872)
Town Hall Grants	(4,876)
Senior Center Van	(8,683)
Senior Center Leasing Buyout	(4,817)
Marion Penn	(324)
Capital Non-recurring	(55,132)

The nonmajor fund deficits will be eliminated in the future with charges for services and contributions. The major fund deficit will be eliminated through permanent financing of short-term debt.

## C. Capital Projects Authorizations

The following is a summary of major Capital Projects at June 30, 2010:

<u>Fund</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2010</u>
<b>Capital Nonrecurring:</b>				
Wells Hill bridge	\$ 729,324	\$ 476,901	\$ 553,390	\$ 175,934
Town improvement trust fund	49,572		2,207	47,365
Fire truck	971,100		504,063	467,037
EMS ambulance	281,400	149,053	276,106	5,294
Heat and smoke systems	6,500			6,500
Toth park pavilion	27,860	165	27,860	-
Senior center van	43,000		42,981	19
Band stand site	5,000		5,000	-
Fire code work	14,925		4,925	10,000
Subdivision funds	116,512		11,210	105,302
Planning and zoning town plans	52,250		47,599	4,651
Town garage	122,285		110,981	11,304
Highway salt shed	415,500		7,410	408,090
Unimproved Town Aid Roads	65,138			65,138
Haines/Church Road	19,388			19,388
Delaware Road subdivision	65,866			65,866
Old Farm Estate subdivision	20,048			20,048
EMS defibrillator	65,355		64,260	1,095
EMS - Generator	10,375		7,522	2,853
Toth park	6,725		6,180	545
Revaluation	363,926	1,500	329,485	34,441
Telephone System Town Hall	6,500		6,495	5
Central Office Relocation SP Approp	19,500		19,244	256
Fire department breathing apparatus	77,500		77,353	147
Park and recreation veterans park	46,050		44,810	1,240
Morehouse Road Little League Fields	105,000		99,695	5,305
Senior center renovation	117,830	67,499	89,254	28,576
UST/Line upgrade	47,301	47,301	47,301	-
Highway trucks	88,700		87,936	764
Fire Suppression Old Samuel				
Staples renovation	455,000	120,662	382,051	72,949
EMS building renovations	56,805	22,547	54,475	2,330
Town financials	4,800		4,800	-
Animal shelter	588,000	63,982	80,942	507,058
Town hall vault	5,000	4,942	4,942	58
423 - 660 Morehouse Rd. Lead paint abatement	83,000	705	705	82,295
	<u>\$ 5,153,035</u>	<u>\$ 955,257</u>	<u>\$ 3,001,182</u>	<u>\$ 2,151,853</u>

<b>Fund</b>	<b>Authorization</b>	<b>Current Year Expenditures</b>	<b>Cumulative Expenditures</b>	<b>Balance June 30, 2010</b>
<b>Bonded Capital Projects:</b>				
Water main extension	\$ 363,164	\$ 24,710	\$ 311,695	\$ 51,469
School building committee "2001"	31,239,088	6,048	31,122,329	116,759
Staples elementary	1,643,500		1,614,554	28,946
C.O. Bonding Authorization	370,858	9,230	370,440	418
South Park Avenue	6,450,000	15,707	6,198,487	251,513
HKMS school building commission	11,168,617		11,159,220	9,397
	<u>\$ 51,235,227</u>	<u>\$ 55,695</u>	<u>\$ 50,776,725</u>	<u>\$ 458,502</u>

### 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402) (the Statutes). Deposits may be made in a "qualified public depository" as defined by the Statutes 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 do 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 does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. The 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*, \$3,774,453 of the Town's bank balance of \$4,529,108 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,603,018
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>171,435</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 3,774,453</u>

### Cash Equivalents

At June 30, 2010, the Town's cash equivalents amounted to \$528,637. 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 one year.

	<u>Standard and Poor's</u>
State Tax Exempt Proceeds Fund*	
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management	
- Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	AAAm

\*Not rated

### Investments

As of June 30, 2010, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest bearing investments:					
U.S. Government					
Agency bonds	AAA	\$ 7,340,898	\$	\$ 7,340,898	\$
Corporate bonds	BB- A	25,241	25,241		
Corporate bonds	A	88,996		88,996	
Corporate bonds	BBB-	19,585			19,585
Total		7,474,720	\$ 25,241	\$ 7,429,894	\$ 19,585
Other investments:					
Equities		68,140			
Mutual funds		9,418,272			
Total Investments		\$ 16,961,132			

\*Subject to coverage by Federal Depository Insurance and collateralization.

N/A - Not applicable



*Interest Rate Risk* - The Town limits their maximum final stated maturities to 15 years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

*Credit Risk - Investments* - As indicated above, the Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as the Statutes.

*Concentration of Credit Risk* - The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

*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 the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2010, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

#### 4. RECEIVABLES

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

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:			
Interest*	\$	\$	\$ -
Taxes	700,637		700,637
Accounts	116,673	136,372	253,045
Intergovernmental	195,135		195,135
Gross receivables	<u>1,012,445</u>	<u>136,372</u>	<u>1,148,817</u>
Less allowance for uncollectibles	<u>(100,000)</u>		<u>(100,000)</u>
Net Total Receivables	<u>\$ 912,445</u>	<u>\$ 136,372</u>	<u>\$ 1,048,817</u>

\*Accrued interest on property taxes in the amount of \$246,227 is not included in the fund financial statements.

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 535,384	\$
Grant drawdowns not yet earned		43,978
Prepaid tuition		6,500
Tax overpayments		7,213
School building grants	<u>171,145</u>	
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 706,529</u>	<u>\$ 57,691</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 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	\$ 19,028,656	\$	\$	\$ 19,028,656
Construction in progress	<u>1,549,038</u>	<u>60,982</u>	<u>(1,533,618)</u>	<u>76,402</u>
Total capital assets not being depreciated	<u>20,577,694</u>	<u>60,982</u>	<u>(1,533,618)</u>	<u>19,105,058</u>
Capital assets being depreciated:				
Land improvements	558,825	55,177		614,002
Buildings	67,530,493	1,629,286		69,159,779
Building improvements	261,719	1,072,750		1,334,469
Machinery and equipment	1,248,943	39,387		1,288,330
Vehicles	3,844,072	159,655	(40,813)	3,962,914
Infrastructure	<u>24,759,573</u>	<u>609,019</u>		<u>25,368,592</u>
Total capital assets being depreciated	<u>98,203,625</u>	<u>3,565,274</u>	<u>(40,813)</u>	<u>101,728,086</u>
Less accumulated depreciation:				
Land improvements	(119,493)	(19,338)	1,090	(137,741)
Buildings	(13,708,340)	(882,689)		(14,591,029)
Building improvements	(14,054)	(29,441)		(43,495)
Machinery and equipment	(911,801)	(33,833)		(945,634)
Vehicles	(2,324,197)	(185,776)	38,578	(2,471,395)
Infrastructure	<u>(8,831,360)</u>	<u>(340,417)</u>	<u>(13,591)</u>	<u>(9,185,368)</u>
Total accumulated depreciation	<u>(25,909,245)</u>	<u>(1,491,494)</u>	<u>26,077</u>	<u>(27,374,662)</u>
Total capital assets being depreciated, net	<u>72,294,380</u>	<u>2,073,780</u>	<u>(14,736)</u>	<u>74,353,424</u>
Governmental Activities Capital Assets, Net	<u>\$ 92,872,074</u>	<u>\$ 2,134,762</u>	<u>\$ (1,548,354)</u>	<u>\$ 93,458,482</u>

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

Governmental activities:		
General government	\$	585,134
Public safety		108,377
Public works		106,794
Education		673,800
Library		<u>17,389</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>1,491,494</u></u>

## 6. INTERFUND ACCOUNTS

At June 30, 2010, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service Funds	General Fund	\$ 193,571
Bonded Capital Projects	General Fund	361,560
Capital Non-recurring	General Fund	736,576

Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions.

Interfund transfers:

		<u>Transfers In</u>		
		<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Transfers out:				
General Fund	\$		\$ 235,803	\$ 235,803
Nonmajor governmental		<u>100,000</u>	<u>49,695</u>	<u>149,695</u>
Total Transfers Out	\$	<u><u>100,000</u></u>	<u><u>285,498</u></u>	<u><u>385,498</u></u>

All transfers represent routine recurring transactions to move resources from one fund to another.

## 7. SHORT-TERM OBLIGATIONS - BOND ANTICIPATION NOTES

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

Short-term obligation activity for the year ended June 30, 2010 was as follows:

Type of Obligation	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Bond anticipation notes:				
Elementary school construction	\$ 3,411,836	\$ 3,343,941	\$ 3,411,836	\$ 3,343,941
Land acquisition	6,150,000	6,150,000	6,150,000	6,150,000
Water main improvements	363,164	345,006	363,164	345,006
Wells Hill Bridge		548,215		548,215
Central Office construction		370,858		370,858
Fire suppression systems		291,980		291,980
Total	\$ 9,925,000	\$ 11,050,000	\$ 9,925,000	\$ 11,050,000

On November 6, 2009, the Town issued \$11,050,000 of bond anticipation notes. These bond anticipation notes bear interest at 1.0% and mature on July 15, 2010, and are for elementary school construction, water main improvements and land acquisition.

## 8. LONG-TERM DEBT

The following is a summary of changes in long-term obligations during the fiscal year:

	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds:									
General purpose:									
Refunding bond	\$ 720,000	02/01/99	02/10/10	3.4-5.0	\$ 59,000	\$	\$ 59,000	\$ -	\$
Improvement bond	6,730,000	10/15/01	10/15/21	3.25-4.75	673,000			673,000	247,000
Refunding bond	3,318,000	02/15/03	06/01/15	1.6-4.0	1,431,000		251,000	1,180,000	336,500
Refunding bond (2001 issue)	3,739,500	05/28/09	10/15/21	3.0-5.0	3,739,500		302,000	3,437,500	25,000
Total general purpose					5,902,500	-	612,000	5,290,500	608,500
Schools:									
Refunding bond	4,900,000	02/01/99	02/01/10	3.4-5.0	391,000		391,000	-	
Improvement bond	10,370,000	10/15/01	10/15/21	3.25-4.75	1,037,000			1,037,000	518,500
Refunding bond	447,000	01/15/03	06/01/15	1.6-4.0	204,000		34,000	170,000	33,000
Improvement bond	12,500,000	11/01/04	11/01/24	2.75-4.3	10,000,000		625,000	9,375,000	625,000
Improvement bond	9,600,000	11/01/05	11/01/25	3.75-5.0	8,160,000		480,000	7,680,000	480,000
Refunding bond (2001 issue)	5,765,500	05/28/09	10/15/21	3.0-5.0	5,765,500		473,000	5,292,500	35,000
Total schools					25,557,500	-	2,003,000	23,554,500	1,691,500
Total bonds/notes					31,460,000	-	2,615,000	28,845,000	2,300,000
Deferred charge in refunding issue					(213,347)		17,779	(195,568)	
Bond premium					20,199		3,366	16,833	
Total bonds and related liabilities					31,266,852	-	2,636,145	28,666,265	2,300,000
Compensated absences					975,533	77,807	4,295	1,049,045	209,809
Heart and hypertension					899,284	191,620		1,090,904	80,465
Net OPEB obligation					231,389	335,488	69,980	496,897	
Total General Long-Term Obligations					\$ 33,141,669	\$ 604,915	\$ 2,640,440	\$ 31,303,111	\$ 2,590,274

All long-term liabilities are generally liquidated by the General Fund.

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and bond and note maturities:

<b>Year Ending June 30,</b>	<b>To Be Provided By State</b>		<b>Bonds</b>		<b>Payable</b>
	<b>For Principal</b>	<b>For Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 145,741	\$ 926	\$ 2,300,000	\$ 1,076,491	\$ 3,376,491
2012	5,269	753	2,240,000	994,988	3,234,988
2013	5,175	560	2,280,000	909,944	3,189,944
2014	5,081	369	2,275,000	830,477	3,105,477
2015	5,081	179	2,240,000	758,081	2,998,081
2016	4,798		1,970,000	682,581	2,652,581
2017			1,970,000	604,725	2,574,725
2018			1,970,000	522,100	2,492,100
2019			1,965,000	447,700	2,412,700
2020			1,950,000	373,700	2,323,700
2021			1,945,000	292,175	2,237,175
2022			1,945,000	205,781	2,150,781
2023			1,105,000	138,431	1,243,431
2024			1,105,000	91,313	1,196,313
2025			1,105,000	44,038	1,149,038
2026			480,000	10,200	490,200
Total	\$ <u>171,145</u>	\$ <u>2,787</u>	\$ <u>28,845,000</u>	\$ <u>7,982,725</u>	\$ <u>36,827,725</u>

In addition to the above recorded amounts, the Town participates with the Town of Redding in providing a regional high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2010, which matures through 2026, amounted to \$21,210,000. The Town's share of the debt, net of the related grant, was \$9,883,860.

### **Prior Year Defeasance of Debt**

In prior years, the Town had defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2010, \$8,730,000 of bonds outstanding is considered defeased.

### **Heart and Hypertension**

The Town has recognized an estimated liability for possible future heart and hypertension claims by members of the police and fire departments, based on current actuarial valuation.

## Legal Debt Limitation

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 80,966,315	\$ 12,197,520	\$ 68,768,795
Schools	161,932,631	37,297,053	124,635,578
Sewers	134,943,859	345,006	134,598,853
Urban renewal	116,951,344		116,951,344
Pension deficit	107,955,087		107,955,087

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$251,895,203 or seven times the base for debt limitation computation.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$171,145 for bond principal is reflected as deductions in the computation of net indebtedness.

### Authorized/Unissued Bonds

The amount of authorized/unissued bonds is \$208,805 for general purposes and \$23,059 for school purposes.

## 9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to public officials and police liability, Board of Education liability, torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God. Except for medical insurance, the Town purchases commercial insurance for all risks of loss. The Town established an internal service fund, the medical insurance fund, to account for and finance the retained risk of loss for the Town's medical benefits claims.

The Easton Board of Education, along with the Redding Board of Education and Regional School District No. 9, participates in a medical self-insurance plan that accounts for health benefits provided to participants and their families. Recommended monthly deposits are calculated by the plan administrator and claims processor. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The medical claims fund is substantially funded by the Town's general fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount

of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

		<b>Claims Payable July 1</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Claims Payable June 30</b>
2008-2009	\$	113,763	\$ 1,818,571	\$ 1,801,863	\$ 130,471
2009-2010		130,471	1,738,904	1,812,020	57,355

## 10. PENSION PLANS

### A. Plan Description

The Town has a contributory pension plan covering substantially all full-time employees and noncertified Board of Education employees. Uniformed police department employees and fire department employees participate in the Municipal Employees' Retirement System (MERS), administered by the Municipal Employees' Retirement Commission. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Retirement Board. The Town does not contribute to this plan.

#### Town of Easton Retirement Plan I and II

The Town is administrator of the Town of Easton Retirement Plan I and II, a single employer defined benefit pension plan established and maintained by the Town to provide pension benefits for its full-time employees other than police officers, fire department employees and teachers. The Pension Commission makes recommendations for plan provisions which are approved by the Board of Finance. The pension plan is included in the financial statements as a single pension fund since the assets may be used to pay benefits or refunds of any plan member or beneficiary. The plan does not issue separate, stand-alone financial reports.

The Town of Easton Retirement Plan I and II provide retirement benefits. Benefits vest after 10 years of service. Members may retire at various ages as determined by employee group. Members are entitled to an annual retirement benefit, payable for life, for an amount determined by formula for each year of service. Administration costs are financed from investment earnings.

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

#### Basis of Accounting

The Pension trust fund's financial statements are prepared using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned, and expenses (benefits and administration) are recognized when they are due and payable in accordance with the terms of the plan.

## Valuation of Investments

Investments are valued at fair value based upon quoted market prices.

## Classes of Employees Covered

As of July 1, 2009, the plan's membership consisted of:

Retires and beneficiaries currently receiving benefits	49
Terminated members entitled to benefits but not yet receiving them	33
Current active members	<u>105</u>
Total	<u><u>187</u></u>

## C. Benefit Provisions

### Contributions

The contribution requirements of plan members and the Town are established according to the Pension Trust Agreement and the Pension and Employee Benefit Commission. The Pension and Employee Benefit Commission Members serve as plan trustees, as well as hiring the plan actuary. The Town's contribution to the plan is actuarially determined on an annual basis using the frozen initial liability cost method. Employees are required to contribute to the plan in varying amounts ranging from 2.25% for Board of Education employees to 6.58% for Highway Management employees.

### Schedule of Employer Contributions and Net Pension Obligation

Year Ended June 30,	Actual Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset Obligation
2005	\$ 500,000	\$ 432,663	115.6%	\$ 430,579	116.1%	\$ 31,117
2006	469,000	350,716	133.7	352,331	133.1	147,786
2007	415,000	320,622	129.4	328,924	126.2	233,862
2008	360,000	257,959	139.6	272,278	132.2	321,584
2009	254,000	362,172	70.1	377,809	67.2	197,775
2010	554,000	687,975	80.5	698,146	79.4	53,629

### Actuarial Assumptions

The data presented in the schedule of funding progress and schedule of employer contributions were determined as part of the actuarial valuation at the date indicated.



Additional information as of the actuarial valuation within the current year is as follows:

Actuarial valuation date	July 1, 2009
Actuarial cost method	Frozen Entry Age
Amortization method	Level Dollar
Remaining amortization periods	N/A
Asset valuation methods	Fair Value
Actuarial Assumptions:	
Investment rate of return	7%
Projected salary increases	3%
Cost of living adjustments	2.6 - 3.0%

### Annual Pension Cost and Net Pension Asset

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

Annual required contribution	\$ 687,975
Interest on net pension asset	(13,844)
Adjustment to annual required contribution	<u>24,015</u>
Annual pension cost	698,146
Contributions made	<u>554,000</u>
Decrease in net pension asset	(144,146)
Net pension asset - July 1, 2009	<u>197,775</u>
Net Pension Asset - June 30, 2010	<u><u>\$ 53,629</u></u>

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/04	\$ 8,905,793	\$ 10,385,613	\$ 1,479,820	85.8%	\$ 3,075,804	48.11%
7/1/05	9,136,909	10,048,650	911,741	90.9	3,101,427	29.40
7/1/06	10,393,040	10,919,909	526,869	95.2	3,457,793	15.24
7/1/07	12,148,662	11,932,419	(216,243)	101.8	3,653,568	(5.92)
7/1/08	11,594,133	12,430,130	835,997	93.3	3,976,807	21.02
7/1/09	9,129,252	12,922,832	3,793,580	70.6	4,192,636	90.48

## 11. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

### A. Plan Description

Police officers and fire department employees of the Town participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living

adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF 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 or by calling 860-702-3480.

## **B. Funding Policy**

Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 7% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2010, 2009 and 2008 were \$168,227, \$134,489 and \$257,959, respectively, equal to the required contributions for each year.

## **C. On-Behalf Payments**

The amount of the State Teachers' Retirement Plan contribution recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on-behalf of the Town's teachers was \$1,102,121.

# **12. OTHER POST-EMPLOYMENT BENEFITS**

## **A. Plan Description and Benefits Provided**

### **Town**

In addition to the pension benefits described in Note 10, all Town employees retiring under the Town of Easton Retirement Plan are provided post-employment benefits. The level of these benefits is determined by contract for all union employees and by a Town of Easton ordinance for all non-represented employees. Per contracts and ordinances, the Town pays the full cost of these benefits. Benefits provided are as follows:

### **Non-Union Employees and Highway/Public Works Employees**

Eligibility for Medical, Dental and Life Coverage	Retirement on or after attaining age 55 with 5 years of service or after 25 years of service.
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance, spouse can continue coverage after retiree's death.
Plan of Coverage	Various fully insured medical plans. Medicare supplement plan coverage on or after age 65.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	Fully paid for by retiree.

### **Police and Fire**

Eligibility for Medical, Dental and Life Coverage	Retirement on or after attaining age 55 with 5 years of service or after 25 years of service.
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance, spouse can continue coverage after retiree's death.
Plan of Coverage	Various fully insured medical plans. Medicare supplement plan coverage on or after age 65.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	Fully paid for by retiree.

### **Board of Education**

The Board of Education provides certain post-retirement benefits to retirees through negotiated contracts. Eligibility for benefits is as follows:

### **Teachers**

Eligibility for Medical, Dental and Life Coverage	Retirement under State of Connecticut Teachers Retirement Plan (age 50 with 30 years, age 55 with 25 years or 60 with 10 years).
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance (COBRA rates) spouse can continue coverage after retiree's death.
Plan of Coverage	Self-insured medical plan. Medicare supplement plan coverage on or after age 65 if eligible for Medicare.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	None.

## **Other Board of Education Employees**

Eligibility for Medical, Dental and Life Coverage	Retirement on or after attaining age 55 with 5 years of service or after 25 years of service.
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance, spouse can continue coverage after retiree's death.
Plan of Coverage	Self-insured medical plan. Medicare supplement plan coverage on or after age 65.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	None.

### **B. Membership**

Membership in the plan consisted of the following at July 1, 2008:

	<b>Town of Easton Retiree Medical Benefit Plan</b>
Number of retirees and eligible surviving spouses	13
Number of active participants	250
Total	263

### **C. Description of Actuarial Assumptions and Methods**

The following is a summary of certain significant actuarial assumptions and other PERS information:

	<b>Town of Easton Retiree Medical Plan</b>
Actuarial valuation date	July 1, 2008
Actuarial cost method	Projected Unit Credit Cost
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.5%/annum
Projected salary increases	n/a

Retirement Assumptions:

**Town**

Town, Fire and Police: Age 55 with 5 years of service or 25 years of service, minimum age 45.

**Board of Education**

Teachers: Age 60 and 20 years service, or 35 years service. Early retirement - age 55 and 20 years service or 25 years service.

Other: Age 55 with 5 years of service or 25 years of service, minimum age 45.

**D. Annual OPEB Cost and Net OPEB Obligations**

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

	<b>Town of Easton Retiree Medical Benefit Plan</b>
Annual required contribution	\$ 338,670
Interest on net OPEB obligation	10,413
Adjustment to annual required contribution	(13,595)
Annual OPEB cost	335,488
Contribution made	(69,980)
Increase in net OPEB obligation	265,508
Net OPEB obligation, July 1, 2009	231,389
Net OPEB Obligation, June 30, 2010	\$ <u>496,897</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2010 is presented below. Data is only presented for two fiscal years as it is only the second year of implementation.

	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
6/30/09	\$ 331,272	\$ 99,883	30.2%	\$ 231,389
6/30/10	335,488	69,980	20.8	496,897

## Schedule of Funding Progress

The annual other post employment 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 annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

<b>Actuarial Valuation Date</b>	<b>Actuarial Value Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Underfunded AAL (OAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
7/1/08	\$ -	\$ 2,777,663	\$ 2,777,663	-%	\$ 12,665,797	21.9%

### 13. CONTINGENT LIABILITIES

There are various lawsuits and claims pending against the Town, the ultimate effect of which, if any, cannot presently be determined; however, the ultimate resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

State and Federal grants received by the Town are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. The amount of expenditures which may be disallowed, if any, cannot be determined at this time; however, the Town's management believes any such disallowance will be immaterial.

### 14. SUBSEQUENT EVENTS

On July 20, 2010, the Town issued \$2,675,000 in general obligation bonds and \$8,500,000 in bond anticipation notes.

## TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Property Taxes:				
Property taxes, current and prior	\$ 35,510,724	35,510,724	\$ 35,779,918	\$ 269,194
Interest and lien fees	100,000	100,000	226,873	126,873
Telephone access	44,148	44,148	59,969	15,821
Total property taxes	<u>35,654,872</u>	<u>35,654,872</u>	<u>36,066,760</u>	<u>411,888</u>
Intergovernmental:				
Educational assistance:				
Special education and education cost share	593,868	593,868	512,446	(81,422)
School building grant	414,907	414,907	140,343	(274,564)
Other	13,710	13,710	-	(13,710)
Total educational assistance	<u>1,022,485</u>	<u>1,022,485</u>	<u>652,789</u>	<u>(369,696)</u>
Town Assistance:				
Town aid roads	83,332	83,332	113,430	30,098
Infrastructure	615,613	615,613		(615,613)
In lieu of tax loss - boats	4,814	4,814	2,466	(2,348)
Elderly tax relief	41,225	41,225	33,118	(8,107)
Tax relief for the totally disabled			152	152
State owned property	63,617	63,617	63,724	107
Mashantucket Pequot grant	11,965	11,965	8,549	(3,416)
Civil preparedness	2,052	2,052	1,364	(688)
Property tax relief (veterans)	10,329	10,329	7,637	(2,692)
Miscellaneous	15,640	15,640	50,051	34,411
Total town assistance	<u>848,587</u>	<u>848,587</u>	<u>280,491</u>	<u>(568,096)</u>
Total intergovernmental	<u>1,871,072</u>	<u>1,871,072</u>	<u>933,280</u>	<u>(937,792)</u>
Investment Income	<u>375,000</u>	<u>375,000</u>	<u>465,626</u>	<u>90,626</u>
Charges for Services:				
Town clerk	200,000	200,000	196,572	(3,428)
Building inspection fees and permits	120,000	120,000	78,062	(41,938)
Health department	18,000	18,000	30,457	12,457
Planning and zoning	15,000	15,000	10,385	(4,615)
Conservation commission	12,000	12,000	9,348	(2,652)
Police department	65,000	27,327	170,248	142,921
First selectman	85,000	85,000	73,924	(11,076)
Municipal building leases	290,000	290,000	313,308	23,308

(Continued on next page)

## TOWN OF EASTON, CONNECTICUT

## GENERAL FUND

## SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES

## BUDGET AND ACTUAL (CONTINUED)

## FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Fire marshal	\$ 100	\$ 100	\$ 20	\$ (80)
Parks and recreation	7,500	7,500	17,375	9,875
Region 9 tuition	12,000	12,000	9,912	(2,088)
BOE tuition	12,000	12,000	16,461	4,461
Recycling bins	1,000	1,000	750	(250)
Highway department	500	500	812	312
EMS	95,000	95,000	-	(95,000)
Other			-	-
Total charges for services	<u>933,100</u>	<u>895,427</u>	<u>927,634</u>	<u>32,207</u>
Total Revenues	<u>38,834,044</u>	<u>38,796,371</u>	<u>38,393,300</u>	<u>(403,071)</u>
Other Financing Sources:				
Transfer in		100,000	100,000	-
Sale of capital assets			1,450	1,450
Total other financing sources	<u>-</u>	<u>100,000</u>	<u>101,450</u>	<u>1,450</u>
Total Revenues and Other Financing Sources	<u>\$ 38,834,044</u>	<u>\$ 38,896,371</u>	38,494,750	<u>\$ (401,621)</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			<u>1,102,121</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of				
Revenues, Expenditures and Changes in Fund Balances - Governmental Funds -				
Exhibit IV			<u>\$ 39,596,871</u>	



## TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original Budget</b>	<b>Additional Appropriations and Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>General Government:</b>					
Town clerk	\$ 146,017	\$	\$ 146,017	\$ 146,017	\$ -
First selectman	153,892		153,892	149,795	4,097
Probate court	5,400		5,400	5,397	3
Registrar of voters	63,821		63,821	38,205	25,616
Board of finance	7,200		7,200	4,821	2,379
Auditors	35,150		35,150	34,000	1,150
Treasurer	175,401	(4,800)	170,601	170,513	88
Assessor	112,307		112,307	109,377	2,930
Board of assessment appeals	600		600	471	129
Tax collector	91,754		91,754	86,659	5,095
Town attorney	130,000		130,000	91,711	38,289
Planning and zoning commission	111,018		111,018	103,994	7,024
Zoning board of appeals	7,130		7,130	6,449	681
Building department	90,978		90,979	88,210	2,769
Technology Computer	30,463		30,463	18,788	11,675
Town Hall	140,934		140,934	126,764	14,170
Communication dispatchers	212,920		212,920	195,292	17,628
Commission for the elderly	55,593	9,895	65,488	62,258	3,230
Senior center	147,939	10,571	158,510	158,174	336
SSS building	601,920	(83,001)	518,919	482,593	36,326
Cemetery	2,500		2,500	2,500	-
Insurance service fee		8,500	8,500	-	8,500
Public celebrations	500		500	754	(254)
Total general government	<u>2,323,437</u>	<u>(58,835)</u>	<u>2,264,603</u>	<u>2,082,742</u>	<u>181,861</u>
<b>Public Safety:</b>					
Police department	1,481,892	92,327	1,574,219	1,509,699	64,520
Fire department	827,602	(85,000)	742,602	700,961	41,641
Fire marshal	28,086		28,086	20,652	7,434
Emergency management	8,576		8,576	7,727	849
Firehouse rent	40,000		40,000	40,000	-
Conservation commission	36,811		36,811	31,037	5,774
Total public safety	<u>2,422,967</u>	<u>7,327</u>	<u>2,430,294</u>	<u>2,310,076</u>	<u>120,218</u>
<b>Public Works:</b>					
Recycling	125,150		125,150	121,993	3,157
Highway department	1,923,060		1,923,060	1,907,867	15,193
Street lights	1,703		1,703	1,593	110
Engineering and professional services	40,500		40,500	6,350	34,150
Total public works	<u>2,090,413</u>	<u>-</u>	<u>2,090,413</u>	<u>2,037,803</u>	<u>52,610</u>
<b>Health and Welfare:</b>					
Health director	84,071		84,071	81,018	3,053
EMS commission	265,630		265,630	248,450	17,180
Welfare	4,327		4,327	1,862	2,465
Total health and welfare	<u>354,028</u>	<u>-</u>	<u>354,028</u>	<u>331,330</u>	<u>22,698</u>

(Continued on next page)

## TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Education:					
Easton Board of Education:					
General instruction	\$ 6,975,742	\$ (205,363)	\$ 6,770,379	\$ 6,989,455	\$ (219,076)
Kindergarten	10,280	(267)	10,013	9,860	153
Humanities	42,807	95	42,902	40,740	2,162
Integrated language arts	26,363	153	26,516	21,659	4,857
Curriculum	45,612		45,612	42,860	2,752
Industrial technology	2,200		2,200	1,390	810
Science/math technology	46,253	(265)	45,988	43,509	2,479
Physical education/health	4,961	(172)	4,789	4,789	-
Special services	27,065		27,065	22,155	4,910
Special education	3,109,291	36,289	3,145,580	2,924,056	221,524
Guidance	7,558		7,558	4,431	3,127
Health services	163,048	853	163,901	160,510	3,391
Psychological services	14,880	2,700	17,580	12,272	5,308
Speech services	18,300	(3,980)	14,320	3,597	10,723
Educational media services	66,625	10,991	77,616	73,318	4,298
Technology plan	268,840	(4,620)	264,220	270,815	(6,595)
Board of education	50,330		50,330	94,434	(44,104)
Central administration	484,118		484,118	484,118	-
School administration	889,008	1,806	890,814	889,445	1,369
physical plant	1,358,085	54,345	1,412,430	1,403,133	9,297
Student transportation	752,592	23,370	775,962	772,989	2,973
Food service	3,300	(660)	2,640	12,998	(10,358)
Total Easton Board of Education	14,367,258	(84,725)	14,282,533	14,282,533	-
Regional School District No. 9	9,619,427	-	9,619,427	9,619,427	-
Total education	23,986,685	(84,725)	23,901,960	23,901,960	-
Library	564,321		564,321	540,918	23,403
Parks and Recreation:					
Parks and recreation commission	362,129		362,129	340,593	21,536
Tree warden	39,780		39,780	38,466	1,314
Total parks and recreation	401,909	-	401,909	379,059	22,850
Employee Benefits:					
Pensions	790,565		790,565	781,205	9,360
Fringe benefits	1,784,050		1,784,050	1,656,049	128,001
Social Security and Medicare	416,845		416,845	399,224	17,621
Total employee benefits	2,991,460	-	2,991,460	2,836,478	154,982

(Continued on next page)

## TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Insurance	\$ 574,000	\$ -	\$ 574,000	\$ 545,745	\$ 28,255
Other-Contingency	100,000	(14,785)	82,745	-	82,745
Debt Service:					
Principal retirement	2,690,000	11,053	2,701,053	2,701,053	-
Interest	1,222,821		1,222,821	1,275,197	(52,376)
Fiscal agent fees	49,000	(11,053)	37,947	30,193	7,754
Total debt service	<u>3,961,821</u>	<u>-</u>	<u>3,961,821</u>	<u>4,006,443</u>	<u>(44,622)</u>
Total expenditures	<u>39,771,041</u>	<u>(151,018)</u>	<u>39,617,554</u>	<u>38,972,554</u>	<u>645,000</u>
Other Financing Uses:					
Transfers out:					
Dog fund	63,003		63,003	63,003	-
Capital nonrecurring		172,800	172,800	172,800	-
Total other financing uses	<u>63,003</u>	<u>172,800</u>	<u>235,803</u>	<u>235,803</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 39,834,044</u>	<u>\$ 21,782</u>	<u>\$ 39,853,357</u>	39,208,357	<u>\$ 645,000</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				<u>1,102,121</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV				<u>\$ 40,310,478</u>	

## TOWN OF EASTON, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 589,724	\$ 336,132
Investments	7,344,643	6,908,138
Property taxes receivable	600,637	626,145
Accounts receivable	116,673	65,917
Intergovernmental receivable	195,135	345,963
Other assets	<u>1,043</u>	<u>1,522</u>
Total Assets	\$ <u>8,847,855</u>	\$ <u>8,283,817</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 867,967	\$ 714,881
Accrued liabilities	1,047,682	982,009
Due to Regional School District No. 9	711,373	600,723
Due to other funds	1,291,707	144,385
Deferred revenue	<u>720,242</u>	<u>919,328</u>
Total liabilities	<u>4,638,971</u>	<u>3,361,326</u>
Fund balance:		
Unreserved, reported in:		
Designated for subsequent year's budget	352,000	1,000,000
Designated for potential claims	140,000	140,000
Designated for debt service	97,200	97,200
Undesignated	<u>3,619,684</u>	<u>3,685,291</u>
Total fund balance	<u>4,208,884</u>	<u>4,922,491</u>
Total Liabilities and Fund Balance	\$ <u>8,847,855</u>	\$ <u>8,283,817</u>

**TOWN OF EASTON, CONNECTICUT  
REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2010**

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Grand List Year	Uncollected Taxes July 1, 2009	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2010
			Additions	Deductions			Taxes	Interest and Liens	Total	
2008	\$	\$ 35,918,355	\$ 33,925	\$ 88,990	\$	\$ 35,863,290	\$ 35,486,703	\$ 86,298	\$ 35,573,001	\$ 376,587
2007	314,691		1,087	10,915		304,863	150,016	32,704	182,720	154,847
2006	134,316		46	3,760	8,966	121,636	47,761	18,376	66,137	73,875
2005	42,849		63			42,912	15,654	8,456	24,110	27,258
2004	19,524		73			19,597	12,606	9,080	21,686	6,991
2003	12,436					12,436	9,298	8,300	17,598	3,138
2002	10,840					10,840	8,380	8,989	17,369	2,460
2001	10,866					10,866	6,692	8,222	14,914	4,174
2000	5,075					5,075	1,667	2,502	4,169	3,408
1999	6,787					6,787	1,595	2,682	4,277	5,192
1998	5,101					5,101	1,924	3,572	5,496	3,177
1997	10,439					10,439	3,505	7,095	10,600	6,934
1996	14,084					14,084	3,352	7,391	10,743	10,732
1995	12,331					12,331	3,254	7,764	11,018	9,077
1994	9,580					9,580	3,087	7,924	11,011	6,493
1993	8,956					8,956	2,662	7,518	10,180	6,294
Total	\$ <u>617,875</u>	\$ <u>35,918,355</u>	\$ <u>35,194</u>	\$ <u>103,665</u>	\$ <u>8,966</u>	\$ <u>36,458,793</u>	35,758,156	\$ <u>226,873</u>	\$ <u>35,985,029</u>	\$ <u>700,637</u>

Property taxes receivable considered available:

June 30, 2009

(43,491)

June 30, 2010

65,253

Property tax revenues

\$ 35,779,918

**TOWN OF EASTON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

**JUNE 30, 2010**

52

	Special Revenue Funds									
	Education Grants	Easton Day	Police Donations	Police Grants	Senior Center	Agriculture Land Preservation	Cemetery Fund	Dog Fund	D.A.R.E.	Park and Recreation Activity Fund
ASSETS										
Cash	\$ 24,497	\$ 4,552	\$ 9,068	\$ 118,410	\$ 6,594	\$ 65,058	\$ 21,988	\$ 117,584	\$ 43,878	\$ 147,641
Investments										
Accounts receivable					4,705			555		
Due from other funds										
Total Assets	<u>\$ 24,497</u>	<u>\$ 4,552</u>	<u>\$ 9,068</u>	<u>\$ 118,410</u>	<u>\$ 11,299</u>	<u>\$ 65,058</u>	<u>\$ 21,988</u>	<u>\$ 118,139</u>	<u>\$ 43,878</u>	<u>\$ 147,641</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 12,325	\$	\$	\$ 37,521	\$ 328	\$	\$	\$ 1,699	\$	\$ 924
Bond anticipation notes										
Unearned revenue										
Total liabilities	<u>12,325</u>	<u>-</u>	<u>-</u>	<u>37,521</u>	<u>328</u>	<u>-</u>	<u>-</u>	<u>1,699</u>	<u>-</u>	<u>924</u>
Fund Balances:										
Unreserved and undesignated	<u>12,172</u>	<u>4,552</u>	<u>9,068</u>	<u>80,889</u>	<u>10,971</u>	<u>65,058</u>	<u>21,988</u>	<u>116,440</u>	<u>43,878</u>	<u>146,717</u>
Total Liabilities and Fund Balances	<u>\$ 24,497</u>	<u>\$ 4,552</u>	<u>\$ 9,068</u>	<u>\$ 118,410</u>	<u>\$ 11,299</u>	<u>\$ 65,058</u>	<u>\$ 21,988</u>	<u>\$ 118,139</u>	<u>\$ 43,878</u>	<u>\$ 147,641</u>

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**TOWN OF EASTON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**

**JUNE 30, 2010**

<u>Special Revenue Funds</u>									
<u>Solid Waste Program</u>	<u>Library</u>	<u>Open Space</u>	<u>EMS Special Services</u>	<u>Police Asset</u>	<u>Records Preservation</u>	<u>Paine Barn Fund</u>	<u>Social Service</u>	<u>Town Hall Grants</u>	<u>Senior Center Leasing Buyout</u>
<b>ASSETS</b>									
Cash	\$	\$ 131,580	\$ 755,986	\$ 77,899	\$ 195,438	\$ 6,211	\$ 7,871	\$ 36,307	\$
Investments		792,608							
Accounts receivable	35,577		7,089						
Due from other funds									
Total Assets	\$ <u>35,577</u>	\$ <u>924,188</u>	\$ <u>755,986</u>	\$ <u>84,988</u>	\$ <u>195,438</u>	\$ <u>6,211</u>	\$ <u>7,871</u>	\$ <u>36,307</u>	\$ <u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 78,449	\$	\$	\$ 820	\$ 302	\$	\$ 695	\$ 4,876	\$ 4,817
Bond anticipation notes									
Unearned revenue									
Total liabilities	<u>78,449</u>	<u>-</u>	<u>-</u>	<u>820</u>	<u>302</u>	<u>-</u>	<u>695</u>	<u>4,876</u>	<u>4,817</u>
Fund Balances:									
Unreserved and undesignated	<u>(42,872)</u>	<u>924,188</u>	<u>755,986</u>	<u>84,168</u>	<u>195,136</u>	<u>6,211</u>	<u>7,871</u>	<u>35,612</u>	<u>(4,817)</u>
Total Liabilities and Fund Balances	\$ <u>35,577</u>	\$ <u>924,188</u>	\$ <u>755,986</u>	\$ <u>84,988</u>	\$ <u>195,438</u>	\$ <u>6,211</u>	\$ <u>7,871</u>	\$ <u>36,307</u>	\$ <u>-</u>

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**TOWN OF EASTON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**

**JUNE 30, 2010**

	<b>Special Revenue Funds</b>						<b>Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Miscellaneous Grants</b>	<b>Town Clerk Community Fee</b>	<b>Land Acquisition</b>	<b>Senior Center Van</b>	<b>9/11 Memorial Fund</b>	<b>Marion Penn Fund</b>	<b>Capital Nonrecurring</b>	
						<b>Total</b>		
<b>ASSETS</b>								
Cash	\$ 6,332	\$ 11,058	\$ 5,916	\$	\$ 1,125	\$	\$ 1,794,993	\$ 105,303
Investments							792,608	792,608
Accounts receivable	28,233						76,159	76,159
Due from other funds							-	736,576
Total Assets	<u>\$ 34,565</u>	<u>\$ 11,058</u>	<u>\$ 5,916</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ -</u>	<u>\$ 2,663,760</u>	<u>\$ 841,879</u>
								<u>\$ 3,505,639</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 159	\$	\$	\$ 8,683	\$	\$ 324	\$ 151,922	\$ 53,473
Bond anticipation notes							-	840,195
Unearned revenue							-	3,343
Total liabilities	<u>159</u>	<u>-</u>	<u>-</u>	<u>8,683</u>	<u>-</u>	<u>324</u>	<u>151,922</u>	<u>897,011</u>
Fund Balances:								
Unreserved and undesignated	<u>34,406</u>	<u>11,058</u>	<u>5,916</u>	<u>(8,683)</u>	<u>1,125</u>	<u>(324)</u>	<u>2,511,838</u>	<u>(55,132)</u>
Total Liabilities and Fund Balances	<u>\$ 34,565</u>	<u>\$ 11,058</u>	<u>\$ 5,916</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ -</u>	<u>\$ 2,663,760</u>	<u>\$ 841,879</u>
								<u>\$ 3,505,639</u>



**TOWN OF EASTON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Special Revenue Funds									
	Education Grants	Easton Day	Police Donations	Police Grants	Senior Center	Agriculture Land Preservation	Cemetery Fund	Dog Fund	Park and Recreation Activity Fund
Revenues:									
Intergovernmental	\$ 502,289	\$	\$	\$ 34,683	\$	\$	\$	\$	\$
Charges for services					56,691			14,655	266,943
Investment income						257	99		
Contributions			400			808		11,030	35,000
Total revenues	<u>502,289</u>	<u>-</u>	<u>400</u>	<u>34,683</u>	<u>56,691</u>	<u>1,065</u>	<u>99</u>	<u>14,655</u>	<u>301,943</u>
Expenditures:									
Current:									
General government					49,751		281		
Public safety			83	1,998				68,780	6,189
Public works									
Health and welfare									
Education	497,639								
Library	.								
Parks and recreation									240,450
Capital outlay									
Total expenditures	<u>497,639</u>	<u>-</u>	<u>83</u>	<u>1,998</u>	<u>49,751</u>	<u>-</u>	<u>281</u>	<u>68,780</u>	<u>240,450</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,650</u>	<u>-</u>	<u>317</u>	<u>32,685</u>	<u>6,940</u>	<u>1,065</u>	<u>(182)</u>	<u>(54,125)</u>	<u>61,493</u>
Other Financing Sources (Uses):									
Transfers out									(49,695)
Transfers in								63,003	
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,003</u>	<u>(49,695)</u>
Net Change in Fund Balances	4,650	-	317	32,685	6,940	1,065	(182)	8,878	11,798
Fund Balances - Beginning of Year	<u>7,522</u>	<u>4,552</u>	<u>8,751</u>	<u>48,204</u>	<u>4,031</u>	<u>63,993</u>	<u>22,170</u>	<u>107,562</u>	<u>134,919</u>
Fund Balances - End of Year	<u>\$ 12,172</u>	<u>\$ 4,552</u>	<u>\$ 9,068</u>	<u>\$ 80,889</u>	<u>\$ 10,971</u>	<u>\$ 65,058</u>	<u>\$ 21,988</u>	<u>\$ 116,440</u>	<u>\$ 146,717</u>

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

**FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds									
	Solid Waste Program	Library	Open Space	EMS Special Services	Police Asset	Records Preservation	Paine Barn Fund	Social Service	Town Hall Grants	Senior Center Leasing Buyout
Revenues:										
Intergovernmental	\$	\$	\$ 0	\$	\$	\$	\$	\$	\$ 25	\$
Charges for services	329,418	55,471		86,923					452	
Investment income		78,679	13,908		822		204			
Contributions					6,431			12,322		
Total revenues	<u>329,418</u>	<u>134,150</u>	<u>13,908</u>	<u>86,923</u>	<u>7,253</u>	<u>-</u>	<u>204</u>	<u>12,322</u>	<u>477</u>	<u>-</u>
Expenditures:										
Current:										
General government						3,128			7,009	
Public safety					30,577					
Public works	297,323									
Health and welfare				17,206				1,914	37	
Education										
Library		62,536								
Parks and recreation										
Capital outlay										
Total expenditures	<u>297,323</u>	<u>62,536</u>	<u>-</u>	<u>17,206</u>	<u>30,577</u>	<u>3,128</u>	<u>-</u>	<u>1,914</u>	<u>7,046</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>32,095</u>	<u>71,614</u>	<u>13,908</u>	<u>69,717</u>	<u>(23,324)</u>	<u>(3,128)</u>	<u>204</u>	<u>10,408</u>	<u>(6,569)</u>	<u>-</u>
Other Financing Sources (Uses):										
Transfers out				(100,000)						
Transfers in										
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	32,095	71,614	13,908	(30,283)	(23,324)	(3,128)	204	10,408	(6,569)	-
Fund Balances - Beginning of Year	<u>(74,967)</u>	<u>852,574</u>	<u>742,078</u>	<u>114,451</u>	<u>218,460</u>	<u>9,339</u>	<u>7,667</u>	<u>25,204</u>	<u>1,693</u>	<u>(4,817)</u>
Fund Balances - End of Year	\$ <u>(42,872)</u>	\$ <u>924,188</u>	\$ <u>755,986</u>	\$ <u>84,168</u>	\$ <u>195,136</u>	\$ <u>6,211</u>	\$ <u>7,871</u>	\$ <u>35,612</u>	\$ <u>(4,876)</u>	\$ <u>(4,817)</u>

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**TOWN OF EASTON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Governmental Funds
	Miscellaneous Grants	Town Clerk Community Fee	Land Acquisition	Senior Center Van	9/11 Memorial Fund	Marion Penn Fund	Capital Nonrecurring	
Revenues:								
Intergovernmental	\$ 28,233	\$	\$	\$	\$	\$	\$ 565,230	\$ 631,874
Charges for services		1,680		19,673			831,906	831,906
Investment income							93,969	93,969
Contributions					1,125	18,000	85,116	85,116
Total revenues	<u>28,233</u>	<u>1,680</u>	<u>-</u>	<u>19,673</u>	<u>1,125</u>	<u>18,000</u>	<u>1,576,221</u>	<u>1,642,865</u>
Expenditures:								
Current:								
General government	159			29,178			89,506	89,506
Public safety							107,627	107,627
Public works							297,323	297,323
Health and welfare						18,324	37,481	37,481
Education							497,639	497,639
Library							62,536	62,536
Parks and recreation							240,450	240,450
Capital outlay							-	955,257
Total expenditures	<u>159</u>	<u>-</u>	<u>-</u>	<u>29,178</u>	<u>-</u>	<u>18,324</u>	<u>1,332,562</u>	<u>2,287,819</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>28,074</u>	<u>1,680</u>	<u>-</u>	<u>(9,505)</u>	<u>1,125</u>	<u>(324)</u>	<u>243,659</u>	<u>(644,954)</u>
Other Financing Sources (Uses):								
Transfers out							(149,695)	(149,695)
Transfers in							63,003	285,498
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,692)</u>	<u>135,803</u>
Net Change in Fund Balances	28,074	1,680	-	(9,505)	1,125	(324)	156,967	(509,151)
Fund Balances - Beginning of Year	<u>6,332</u>	<u>9,378</u>	<u>5,916</u>	<u>822</u>	<u>-</u>	<u>-</u>	<u>2,354,871</u>	<u>2,965,857</u>
Fund Balances - End of Year	<u>\$ 34,406</u>	<u>\$ 11,058</u>	<u>\$ 5,916</u>	<u>\$ (8,683)</u>	<u>\$ 1,125</u>	<u>\$ (324)</u>	<u>\$ 2,511,838</u>	<u>\$ 2,456,706</u>

## TOWN OF EASTON, CONNECTICUT

**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>ASSETS</b>				
Cash:				
Performance and road bonds	\$ 1,546,487	\$ 417,390	\$ 697,852	\$ 1,266,025
Student activity	<u>44,910</u>	<u>197,812</u>	<u>215,714</u>	<u>27,008</u>
Total Assets	\$ <u><u>1,591,397</u></u>	\$ <u><u>615,202</u></u>	\$ <u><u>913,566</u></u>	\$ <u><u>1,293,033</u></u>
<b>LIABILITIES</b>				
Accounts payable:				
Performance and road bonds	\$ 1,546,487	\$ 417,390	\$ 697,852	\$ 1,266,025
Student activity	<u>44,910</u>	<u>197,812</u>	<u>215,714</u>	<u>27,008</u>
Total Liabilities	\$ <u><u>1,591,397</u></u>	\$ <u><u>615,202</u></u>	\$ <u><u>913,566</u></u>	\$ <u><u>1,293,033</u></u>

**TOWN OF EASTON, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2010:

Town of Easton \$ 35,985,029

Reimbursement for Revenue Loss:

Tax relief for elderly freeze

Base for Debt Limitation Computation \$ 35,985,029

	<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	\$ 80,966,315	\$	\$	\$	\$
4 1/2 times base		161,932,631			
3 3/4 times base			134,943,859		
3 1/4 times base				116,951,344	
3 times base					107,955,087
	<u>80,966,315</u>	<u>161,932,631</u>	<u>134,943,859</u>	<u>116,951,344</u>	<u>107,955,087</u>
Total debt limitation					
	<u>80,966,315</u>	<u>161,932,631</u>	<u>134,943,859</u>	<u>116,951,344</u>	<u>107,955,087</u>
Indebtedness:					
Bonds payable	5,290,500	23,554,500			
Bonds anticipation notes payable	6,698,215	4,006,779	345,006		
Authorized, unissued debt	208,805	23,059			
Easton portion of Regional School District No. 9 bonds, net of school building grants		9,883,860 (171,145)			
	<u>12,197,520</u>	<u>37,297,053</u>	<u>345,006</u>	<u>-</u>	<u>-</u>
Net indebtedness					
	<u>12,197,520</u>	<u>37,297,053</u>	<u>345,006</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	\$ <u>68,768,795</u>	\$ <u>124,635,578</u>	\$ <u>134,598,853</u>	\$ <u>116,951,344</u>	\$ <u>107,955,087</u>

The total of the above net indebtedness amounts to: \$ 49,839,579

In no event shall total indebtedness exceed \$251,895,203 or seven times the base for debt limitation computation.