## 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, 2011, 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, 2011, 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 15, 2011 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.

December 15, 2011
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, 2011.

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 $59,905,882 (net assets). Of this amount, $4,275,449 (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 $54,859. 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 $(1,094,373). The deficit is attributable to capital projects that have not yet been permanently financed.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $3,269,780 or 8% of total general fund expenditures and transfers out.

- The Town’s total long-term obligations decreased by $2,440,000 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 several 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 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 $59,905,882 at the close of the most recent fiscal year.
A large portion of the Town’s net assets (91%) 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, 2011 AND 2010

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current and other assets</strong></td>
<td>$11,778,630</td>
<td>$12,305,222</td>
</tr>
<tr>
<td><strong>Capital assets, net of accumulated depreciation</strong></td>
<td>$92,448,395</td>
<td>$93,458,482</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$104,227,025</td>
<td>$105,763,704</td>
</tr>
<tr>
<td><strong>Long-term debt outstanding</strong></td>
<td>$32,523,414</td>
<td>$31,303,111</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td>$11,797,729</td>
<td>$14,609,570</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$44,321,143</td>
<td>$45,912,681</td>
</tr>
<tr>
<td><strong>Net Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of debt</td>
<td>$55,630,433</td>
<td>$53,742,220</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$4,275,449</td>
<td>$6,108,803</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>$59,905,882</td>
<td>$59,851,023</td>
</tr>
</tbody>
</table>

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, $4,275,449 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, 2011 AND 2010

Revenues:

Program revenues:
- Charges for services $1,834,112 $1,748,630
- Operating grants and contributions 2,574,110 2,460,870

General revenues:
- Property taxes 37,141,113 36,028,201
- Grants and contributions not restricted to specific purposes 222,757 280,491
- Investment income 238,911 563,996
- Miscellaneous 44,219 21,940

Total revenues 42,055,222 41,104,128

Program expenses:
- General government 3,607,371 3,393,337
- Public safety 4,080,618 3,564,387
- Public works 3,300,634 3,061,206
- Health and welfare 505,771 504,100
- Education 27,090,890 26,294,245
- Library 799,462 859,668
- Parks and recreation 853,867 791,741
- Interest expense 1,761,750 1,344,839

Total expenses 42,000,363 39,813,523

Increase in Net Assets 54,859 1,290,605

Net Assets - Beginning of Year 59,851,023 58,560,418

Net Assets - End of Year $59,905,882 $59,851,023

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 $(1,094,373), 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, unassigned fund balance was $3,269,980. As a measure of the general fund’s liquidity, it may be useful to compare the unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 8% of total general fund expenditures and other financing uses, while total fund balance represents 10% of that same amount.
General Fund Budgetary Highlights

The most significant difference between the original budget and the final amended budget included additional appropriations of $95,687 and budget transfers of $151,480 from various departments to the transfers out account to purchase equipment. The Board of Finance made special appropriations to the Senior Center, Fire Department, Town Attorney account, Insurance, MERS and Professional Services and transferred funds from police special service revenue and the emergency medical service special revenue fund to cover the expenditure.

A positive budget variance of $194,154 in the fringe benefit account is 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 fire union contracts have not been settled.

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, 2011 is $92,448,395 (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.

- The construction of the new Animal Shelter Facility that is being funded by two (2) grants, STEAP and LOCIP and Town bonding.

- The remaining additions and deletions consisted of various equipment and vehicles for Town departments.
### TOWN OF EASTON CAPITAL ASSETS

(Net of Depreciation)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$19,028,656</td>
<td>$19,028,656</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>427,896</td>
<td>76,402</td>
</tr>
<tr>
<td>Land improvements</td>
<td>454,466</td>
<td>476,261</td>
</tr>
<tr>
<td>Buildings</td>
<td>53,668,877</td>
<td>54,568,750</td>
</tr>
<tr>
<td>Building improvements</td>
<td>1,304,789</td>
<td>1,290,974</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>351,721</td>
<td>342,696</td>
</tr>
<tr>
<td>Vehicles</td>
<td>1,372,634</td>
<td>1,491,519</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>15,839,356</td>
<td>16,183,224</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$92,448,395</strong></td>
<td><strong>$93,458,482</strong></td>
</tr>
</tbody>
</table>

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 $37,455,000. 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**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>General obligation bonds - Town improvements</td>
<td>$6,107,000</td>
<td>$5,290,500</td>
</tr>
<tr>
<td>General obligation bonds - School improvements</td>
<td>22,522,000</td>
<td>23,554,500</td>
</tr>
<tr>
<td>General obligation bonds - Sewer improvements</td>
<td>326,000</td>
<td></td>
</tr>
<tr>
<td>Bond anticipation notes</td>
<td>8,500,000</td>
<td>11,050,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$37,455,000</strong></td>
<td><strong>$39,895,000</strong></td>
</tr>
</tbody>
</table>

The Town is also obligated for a portion of the Regional School District No. 9 general obligation debt in the net amount of $10,073,635.

On July 20, 2010, the Town issued $8,500,000 of bond anticipation notes. These bond anticipation notes bear interest at 1.0% and mature on July 8, 2011 and are for elementary school construction and land acquisition.

During the fiscal year, the Town made bond principal payments of $2,300,000 for school and general purpose debt.

The Town maintains an “AAA” credit rating from Standard and Poor’s, 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 $259,312,515 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 2012 fiscal year:

- The unemployment rate for the Town is currently 5.8%. This compares favorably to the state’s average unemployment rate of 9.0% and the national average rate of 9.1%.

- 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, 2011, unassigned fund balance in the general fund was $3,269,780.

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, 2011

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 2,150,405</td>
</tr>
<tr>
<td>Investments</td>
<td>7,953,028</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>1,424,502</td>
</tr>
<tr>
<td>Bond issuance costs</td>
<td>195,378</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>11,723,313</td>
</tr>
</tbody>
</table>

| **Noncurrent assets:**  |    |
| Capital assets:         |    |
| Assets not being depreciated | 19,456,552 |
| Assets being depreciated, net | 72,991,843 |
| **Total capital assets** | 92,448,395 |
| Net pension asset       | 55,317 |
| **Total noncurrent assets** | 92,503,712 |
| **Total assets**         | 104,227,025 |

| **Liabilities:**        |    |
| Current liabilities:    |    |
| Accounts payable and accrued liabilities | 2,418,160 |
| Due to Regional School District No. 9 | 617,810 |
| Unearned revenue         | 261,759 |
| Bond anticipation notes  | 8,500,000 |
| **Total current liabilities** | 11,797,729 |

| Noncurrent liabilities: |    |
| Long-term liabilities due within one year | 2,574,647 |
| Long-term liabilities due in more than one year | 29,948,767 |
| **Total noncurrent liabilities** | 32,523,414 |
| **Total liabilities**     | 44,321,143 |

| **Net Assets:**          |    |
| Invested in capital assets, net of related debt | 55,630,433 |
| Unrestricted             | 4,275,449 |
| **Total Net Assets**     | $ 59,905,882 |

The accompanying notes are an integral part of the financial statements.


<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Grants and Contributions</th>
<th>Capital Grants and Contributions</th>
<th>Total Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>3,607,371</td>
<td>695,448</td>
<td>132,680</td>
<td></td>
<td>(2,779,243)</td>
</tr>
<tr>
<td>Public safety</td>
<td>4,080,618</td>
<td>240,744</td>
<td>37,396</td>
<td></td>
<td>(3,802,478)</td>
</tr>
<tr>
<td>Public works</td>
<td>3,300,634</td>
<td>419,839</td>
<td></td>
<td></td>
<td>(2,880,795)</td>
</tr>
<tr>
<td>Health and welfare</td>
<td>505,771</td>
<td>132,585</td>
<td>45,195</td>
<td></td>
<td>(327,991)</td>
</tr>
<tr>
<td>Education</td>
<td>27,090,890</td>
<td>22,032</td>
<td>2,322,688</td>
<td></td>
<td>(24,746,170)</td>
</tr>
<tr>
<td>Library</td>
<td>799,462</td>
<td>55,092</td>
<td>27,600</td>
<td></td>
<td>(716,770)</td>
</tr>
<tr>
<td>Parks and recreation</td>
<td>853,867</td>
<td>268,372</td>
<td>8,551</td>
<td></td>
<td>(576,944)</td>
</tr>
<tr>
<td>Interest and fiscal charges</td>
<td>1,761,750</td>
<td></td>
<td></td>
<td></td>
<td>(1,761,750)</td>
</tr>
<tr>
<td>Total Governmental Activities</td>
<td>42,000,363</td>
<td>1,834,112</td>
<td>2,574,110</td>
<td></td>
<td>(37,592,141)</td>
</tr>
</tbody>
</table>

General revenues:
- Property taxes 37,141,113
- Grants and contributions not restricted to specific programs 222,757
- Investment income 238,911
- Miscellaneous 44,219
- Total general revenues 37,647,000

Change in Net Assets 54,859

Net Assets - Beginning of Year 59,851,023

Net Assets - End of Year 59,905,882

The accompanying notes are an integral part of the financial statements.
**TOWN OF EASTON, CONNECTICUT**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2011**

| ASSETS |  
|---|---|---|---|---|
| General | Bonded Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
| Cash and cash equivalents | $46,312 | $96,470 | $1,919,925 | $2,062,707 |
| Investments | 7,010,417 | 942,611 | 7,953,028 |
| Receivables: |  |  |  |
| Property taxes | 704,623 |  | 704,623 |
| Accounts | 64,832 | 186,955 | 220,619 |
| Intergovernmental | 186,955 |  | 186,955 |
| Due from other funds | 500,000 | 600,000 | 1,100,000 |
| Total Assets | $8,013,139 | $596,470 | $3,618,323 | $12,227,932 |

| LIABILITIES AND FUND BALANCES |  
|---|---|---|---|---|
| Liabilities: |  |  |  |
| Accounts payable | $903,682 | $390,004 | $204,665 | $1,498,351 |
| Accrued liabilities | 616,975 |  | 616,975 |
| Due to Regional School District No. 9 | 617,810 |  | 617,810 |
| Due to other funds | 1,291,511 |  | 1,291,511 |
| Unearned revenue | 773,181 | 24,477 | 797,658 |
| Bond anticipation notes | 8,500,000 |  | 8,500,000 |
| Total liabilities | 4,203,159 | 8,914,481 | 204,665 | 13,322,305 |

| Fund balances: |  |  |  |
| Restricted |  | 157,513 | 157,513 |
| Committed |  | 3,284,964 | 3,284,964 |
| Assigned | 540,200 |  | 540,200 |
| Unassigned | 3,269,780 | (8,318,011) | (28,819) | (5,077,050) |
| Total fund balances | 3,809,980 | (8,318,011) | 3,413,658 | (1,094,373) |

| Total Liabilities and Fund Balances | $8,013,139 | $596,470 | $3,618,323 | $12,227,932 |

(Continued on next page)
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 $ (1,094,373)

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

Governmental capital assets $ 121,406,995
Less accumulated depreciation (28,958,600)
Net capital assets 92,448,395

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

Net pension asset 55,317
Property tax receivables greater than 60 days 515,764
Interest receivable on property taxes 312,305
Bond issue costs 195,378
Receivable from the state for school construction projects 20,135

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. 222,928

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 (28,955,000)
Interest payable on bonds and notes (246,553)
Compensated absences (1,056,672)
Net OPEB obligation (793,538)
Deferred charges on refunding (87,211)
Unamortized bond premium (567,262)
Heart and hypertension (1,063,731)

Net Assets of Governmental Activities (Exhibit I) $ 59,905,882

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, 2011

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Bonded Projects</th>
<th>Nonmajor Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$37,094,655</td>
<td>$</td>
<td>$37,094,655</td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>2,233,793</td>
<td>523,519</td>
<td>2,757,312</td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>890,958</td>
<td>113,339</td>
<td>1,826,405</td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>187,049</td>
<td>374</td>
<td>238,911</td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td></td>
<td></td>
<td>91,481</td>
<td></td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>40,406,455</td>
<td>113,713</td>
<td>1,488,596</td>
<td>42,008,764</td>
</tr>
</tbody>
</table>

| **Expenditures:**    |         |                 |                            |                         |
| Current:             |         |                 |                            |                         |
| General government   | 1,941,158 |                 | 2,120,173                  |
| Public safety        | 2,379,619 |                 | 2,489,869                  |
| Public works         | 2,072,579 |                 | 2,350,348                  |
| Health and welfare   | 323,644  |                 | 378,500                    |
| Education            | 25,665,283 | 335,334         | 26,000,617                 |
| Library              | 530,764  | 27,488          | 558,252                    |
| Parks and recreation | 396,250  | 217,329         | 613,579                    |
| Employee benefits    | 3,192,945 |                 | 3,192,945                  |
| Insurance            | 606,698  |                 | 606,698                    |
| Debt service         | 3,697,398 |                 | 3,697,398                  |
| Capital outlay       |          | 58,966          | 501,426                    | 560,392                 |
| **Total expenditures** | 40,806,338 | 58,966          | 1,703,467                  | 42,568,771              |

| **Deficiency of Revenues over Expenditures** | (399,883) | 54,747 | (214,871) | (560,007) |

| **Other Financing Sources (Uses):** |         |                 |                            |                         |
| Proceeds from sale of refunding bonds | 8,485,000 |                 | 8,485,000                  |
| Premium on refunded bonds            | 553,795  |                 | 553,795                    |
| Payment to refunded bond escrow      | (8,919,993) |                 | (8,919,993)               |
| Proceeds from sale of bonds          |          | 1,621,000       | 2,675,000                  |
| Transfers in                         | 103,366  | 221,189         | 324,555                    |
| Transfers out                        | (221,189) |                 | (324,555)                  |
| **Net other financing sources**      | 979      | 1,621,000       | 2,793,802                  |

| **Net Change in Fund Balances**      | (398,904) | 1,675,747       | 956,952                    | 2,233,795               |

| **Fund Balances - Beginning of Year** | 4,208,884 | (9,993,758)     | 2,456,706                  | (3,328,168)            |

| **Fund Balances - End of Year**       | $3,809,980 | (8,318,011)    | $3,413,658                  | $1,094,373             |

(Continued on next page)
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) $ 2,233,795

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.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital outlay</td>
<td>586,084</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(1,587,451)</td>
</tr>
</tbody>
</table>

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. (8,720)

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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>School building grant receipts</td>
<td>(151,010)</td>
</tr>
<tr>
<td>Increase in property tax receivable - accrual basis change</td>
<td>(19,620)</td>
</tr>
<tr>
<td>Increase in property tax interest and lien revenue</td>
<td>66,078</td>
</tr>
<tr>
<td>Net pension asset</td>
<td>1,688</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of bonds</td>
<td>(2,675,000)</td>
</tr>
<tr>
<td>Bond premium</td>
<td>(550,429)</td>
</tr>
<tr>
<td>Bond issuance costs</td>
<td>(169,993)</td>
</tr>
<tr>
<td>Deferred charges on refunding</td>
<td>(282,779)</td>
</tr>
<tr>
<td>Bond principal repayments</td>
<td>2,300,000</td>
</tr>
<tr>
<td>Proceeds from sale of refunding bonds</td>
<td>(8,485,000)</td>
</tr>
<tr>
<td>Payment to refunded bond escrow</td>
<td>8,919,993</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net OPEB expense</td>
<td>(296,641)</td>
</tr>
<tr>
<td>Heart and hypertension claims</td>
<td>27,173</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>(7,627)</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>(24,360)</td>
</tr>
<tr>
<td>Amortization of bond issue costs</td>
<td>109,414</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>The net revenue of the activities of the Internal Service Fund is reported with governmental activities</td>
<td>69,264</td>
</tr>
</tbody>
</table>

Change in Net Assets of Governmental Activities (Exhibit II) $ 54,859

The accompanying notes are an integral part of the financial statements
### TOWN OF EASTON, CONNECTICUT

#### STATEMENT OF NET ASSETS

#### PROPRIETARY FUND

#### JUNE 30, 2011

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Internal Service Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
</tr>
<tr>
<td>Current asset:</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$87,698</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>$191,511</td>
</tr>
<tr>
<td>Total assets</td>
<td>$279,209</td>
</tr>
</tbody>
</table>

| Liabilities:            |                       |
| Current liabilities:    |                       |
| Claims payable          | $56,281               |

| Net Assets:             |                       |
| Unrestricted            | $222,928              |

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, 2011

<table>
<thead>
<tr>
<th>Operating Revenue:</th>
<th>$1,945,300</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Expenses:</th>
<th>1,876,406</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims</td>
<td>1,726,844</td>
</tr>
<tr>
<td>Administration</td>
<td>149,562</td>
</tr>
</tbody>
</table>

| Operating income    | 68,894    |

<table>
<thead>
<tr>
<th>Nonoperating Revenue:</th>
<th>370</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td></td>
</tr>
</tbody>
</table>

| Change in Net Assets | 69,264 |

<table>
<thead>
<tr>
<th>Total Net Assets - Beginning of Year</th>
<th>153,664</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Total Net Assets - End of Year</th>
<th>$222,928</th>
</tr>
</thead>
</table>

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, 2011**

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Internal Service Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flows from Operating Activities:</td>
<td></td>
</tr>
<tr>
<td>Premiums received</td>
<td>$1,947,360</td>
</tr>
<tr>
<td>Claim payments</td>
<td>(1,727,918)</td>
</tr>
<tr>
<td>Administrative payments</td>
<td>(149,562)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>69,880</td>
</tr>
</tbody>
</table>

Cash Flows from Investing Activities:

- Income on investments: 370

Net Increase in Cash: 70,250

Cash - Beginning of Year: 17,448

Cash - End of Year: $87,698

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

- Operating income: $68,894

- Decrease:
  - Claims payable: (1,074)
  - Due from other funds: 2,060

Net Cash Provided by Operating Activities: $69,880

The accompanying notes are an integral part of the financial statements.
# TOWN OF EASTON, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS

### FIDUCIARY FUNDS

**JUNE 30, 2011**

<table>
<thead>
<tr>
<th></th>
<th>Pension Trust Fund</th>
<th>Agency Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,020,991</td>
<td>$1,170,695</td>
</tr>
<tr>
<td>Investments, at fair value:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>11,366,810</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>16,726</td>
<td></td>
</tr>
<tr>
<td>Prepaid benefits</td>
<td>45,980</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$12,450,507</td>
<td>$1,170,695</td>
</tr>
<tr>
<td><strong>Liability:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td></td>
<td>$1,170,695</td>
</tr>
<tr>
<td><strong>Net Assets:</strong></td>
<td>$12,450,507</td>
<td></td>
</tr>
<tr>
<td>Net assets held in trust for pension benefits</td>
<td>$12,450,507</td>
<td></td>
</tr>
</tbody>
</table>

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, 2011

<table>
<thead>
<tr>
<th>Pension Trust Fund</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Pension</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Trust</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fund</td>
</tr>
<tr>
<td><strong>Additions:</strong></td>
<td></td>
<td>$ 691,269</td>
</tr>
<tr>
<td>Contributions:</td>
<td></td>
<td>191,094</td>
</tr>
<tr>
<td>Employer</td>
<td></td>
<td>$ 691,269</td>
</tr>
<tr>
<td>Plan members</td>
<td></td>
<td>191,094</td>
</tr>
<tr>
<td>Total contributions</td>
<td></td>
<td>882,363</td>
</tr>
<tr>
<td><strong>Investment income:</strong></td>
<td></td>
<td>1,923,904</td>
</tr>
<tr>
<td>Net appreciation in fair value of investments</td>
<td>1,619,219</td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>304,685</td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>1,923,904</td>
<td></td>
</tr>
<tr>
<td><strong>Total net additions</strong></td>
<td></td>
<td>2,806,267</td>
</tr>
<tr>
<td><strong>Deductions:</strong></td>
<td></td>
<td>533,423</td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
<td>533,423</td>
</tr>
<tr>
<td><strong>Changes in Net Assets</strong></td>
<td></td>
<td>2,272,844</td>
</tr>
<tr>
<td><strong>Net Assets - Beginning of Year</strong></td>
<td></td>
<td>10,177,663</td>
</tr>
<tr>
<td><strong>Net Assets - End of Year</strong></td>
<td></td>
<td>$ 12,450,507</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the 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 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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

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, 2011, and are calculated based upon prior collections.

For the fund financial statements, property taxes receivable at June 30, 2011, 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:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>75</td>
</tr>
<tr>
<td>Building improvements</td>
<td>30-50</td>
</tr>
<tr>
<td>Land improvements</td>
<td>6-25</td>
</tr>
<tr>
<td>Vehicles</td>
<td>4-28</td>
</tr>
<tr>
<td>Equipment</td>
<td>4-28</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>75</td>
</tr>
</tbody>
</table>

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 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.

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

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Easton Board of Finance).

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.

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

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 $95,687 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, 2011:

Major Fund:
- Bonded Capital Projects $ (8,318,011)

Non-major Funds:
- Senior Center (800)
- Solid Waste Program (20,590)
- Senior Center Van (2,612)
- Senior Center Leasing Buyout (4,817)

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, 2011:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Nonrecurring:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wells Hill bridge</td>
<td>$729,324</td>
<td>$57,751</td>
<td>$611,141</td>
<td>$118,183</td>
</tr>
<tr>
<td>Town improvement trust fund</td>
<td>47,475</td>
<td>17,772</td>
<td>19,979</td>
<td>27,496</td>
</tr>
<tr>
<td>Fire truck</td>
<td>1,060,420</td>
<td>504,063</td>
<td>556,357</td>
<td></td>
</tr>
<tr>
<td>EMS ambulance</td>
<td>281,400</td>
<td>276,106</td>
<td>5,294</td>
<td></td>
</tr>
<tr>
<td>Heat and smoke systems</td>
<td>6,500</td>
<td>6,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toth park pavilion</td>
<td>27,860</td>
<td>27,695</td>
<td>165</td>
<td></td>
</tr>
<tr>
<td>Senior center van</td>
<td>60,160</td>
<td>42,981</td>
<td>17,179</td>
<td></td>
</tr>
<tr>
<td>Band stand site</td>
<td>5,000</td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fire code work</td>
<td>14,925</td>
<td>14,730</td>
<td>195</td>
<td></td>
</tr>
<tr>
<td>Subdivision funds</td>
<td>116,512</td>
<td>11,210</td>
<td>105,302</td>
<td></td>
</tr>
<tr>
<td>Planning and zoning town plans</td>
<td>52,250</td>
<td>47,599</td>
<td>4,651</td>
<td></td>
</tr>
<tr>
<td>Town garage</td>
<td>122,285</td>
<td>110,981</td>
<td>11,304</td>
<td></td>
</tr>
<tr>
<td>Highway salt shed</td>
<td>415,500</td>
<td>7,410</td>
<td>408,090</td>
<td></td>
</tr>
<tr>
<td>Unimproved Town Aid Roads</td>
<td>65,138</td>
<td>65,138</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>EMS defibrillator</td>
<td>65,355</td>
<td>64,260</td>
<td>1,095</td>
<td></td>
</tr>
<tr>
<td>EMS - Generator</td>
<td>10,375</td>
<td>7,522</td>
<td>2,853</td>
<td></td>
</tr>
<tr>
<td>Toth park</td>
<td>21,225</td>
<td>13,680</td>
<td>7,545</td>
<td></td>
</tr>
<tr>
<td>Revaluation</td>
<td>408,926</td>
<td>370,834</td>
<td>38,092</td>
<td></td>
</tr>
<tr>
<td>Telephone System Town Hall</td>
<td>6,500</td>
<td>6,495</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Central Office Relocation SP Approp</td>
<td>19,500</td>
<td>19,244</td>
<td>256</td>
<td></td>
</tr>
<tr>
<td>Fire department breathing apparatus</td>
<td>77,500</td>
<td>77,353</td>
<td>147</td>
<td></td>
</tr>
<tr>
<td>Park and recreation veterans park</td>
<td>46,050</td>
<td>44,810</td>
<td>1,240</td>
<td></td>
</tr>
<tr>
<td>Morehouse Road Little League</td>
<td>105,000</td>
<td>99,695</td>
<td>5,305</td>
<td></td>
</tr>
<tr>
<td>Senior center renovation</td>
<td>117,830</td>
<td>(54,372)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>UST/Line upgrade</td>
<td>47,301</td>
<td>47,301</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Highway trucks</td>
<td>88,700</td>
<td>87,936</td>
<td>764</td>
<td></td>
</tr>
<tr>
<td>Staples renovation</td>
<td>455,000</td>
<td>383,560</td>
<td>71,440</td>
<td></td>
</tr>
<tr>
<td>EMS building renovations</td>
<td>56,805</td>
<td>54,818</td>
<td>1,987</td>
<td></td>
</tr>
<tr>
<td>Town financials</td>
<td>4,800</td>
<td>4,800</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Animal shelter</td>
<td>588,000</td>
<td>434,220</td>
<td>153,780</td>
<td></td>
</tr>
<tr>
<td>Town hall vault</td>
<td>5,000</td>
<td>4,942</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>423 - 660 Morehouse Rd. Lead paint abatement</td>
<td>3,000</td>
<td>60,784</td>
<td>61,489</td>
<td>21,511</td>
</tr>
</tbody>
</table>

$5,211,616  $499,162  $3,644,822  $1,566,794
### Bonded Capital Projects:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Water main extension</td>
<td>$363,164</td>
<td>$286,985</td>
<td>$76,179</td>
<td></td>
</tr>
<tr>
<td>School building committee “2001”</td>
<td>31,239,088</td>
<td>31,132,229</td>
<td></td>
<td>106,859</td>
</tr>
<tr>
<td>Staples elementary</td>
<td>1,643,500</td>
<td>1,614,554</td>
<td>28,946</td>
<td></td>
</tr>
<tr>
<td>C.O. Bonding Authorization</td>
<td>370,858</td>
<td>370,442</td>
<td>416</td>
<td></td>
</tr>
<tr>
<td>South Park Avenue</td>
<td>6,450,000</td>
<td>6,226,581</td>
<td>223,419</td>
<td></td>
</tr>
<tr>
<td>HKMS school building commission</td>
<td>11,168,617</td>
<td>11,164,485</td>
<td>4,132</td>
<td></td>
</tr>
</tbody>
</table>

$51,235,227 $58,966 $50,795,276 $439,951

### 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*, $2,025,518 of the Town’s bank balance of $2,799,596 was exposed to custodial credit risk as follows:

- Uninsured and uncollateralized $1,899,260
- Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name $126,258

**Total Amount Subject to Custodial Credit Risk** $2,025,518

**Cash Equivalents**

At June 30, 2011, the Town’s cash equivalents amounted to $1,802,144. 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.

<table>
<thead>
<tr>
<th>Rating</th>
<th>State Tax Exempt Proceeds Fund*</th>
<th>State Short-Term Investment Fund (STIF)</th>
<th>Cutwater Asset Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating</td>
<td>AAAm</td>
<td>AAAm</td>
<td>AAAm</td>
</tr>
<tr>
<td>Rating</td>
<td>State Short-Term Investment Fund (STIF)</td>
<td>AAAm</td>
<td>Cutwater Asset Management</td>
</tr>
</tbody>
</table>

*Not rated

**Investments**

As of June 30, 2011, the Town had the following investments:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Credit Rating</th>
<th>Fair Value</th>
<th>Investment Maturities (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Government</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agency Bonds</td>
<td>N/A</td>
<td>$7,010,417</td>
<td>Less Than 1</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>A3</td>
<td>75,495</td>
<td>75,495</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>A2</td>
<td>25,347</td>
<td>25,347</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>B2</td>
<td>2,980</td>
<td>2,980</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>N/A</td>
<td>49,377</td>
<td>49,377</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>7,163,616</td>
<td>- 153,199 More Than 10</td>
</tr>
</tbody>
</table>

| Other investments:       |               |            |                               |
| Equities                 | 103,354       |            |                               |
| Mutual funds             | 12,052,868    |            |                               |
| Total Investments        | $19,319,838   |            |                               |

*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, 2011, 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 the year end for the Town’s individual major fund and nonmajor, internal service, and fiduciary funds in the aggregate are as follows:

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Nonmajor and Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest*</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Taxes</td>
<td>804,623</td>
<td></td>
<td>804,623</td>
</tr>
<tr>
<td>Accounts</td>
<td>64,832</td>
<td>172,513</td>
<td>237,345</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>186,955</td>
<td></td>
<td>186,955</td>
</tr>
<tr>
<td>Gross receivables</td>
<td>1,056,410</td>
<td></td>
<td>1,228,923</td>
</tr>
</tbody>
</table>

Less allowance for uncollectibles

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(100,000)</td>
<td></td>
<td>(100,000)</td>
</tr>
</tbody>
</table>

Net Total Receivables

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 956,410</td>
<td>$ 172,513</td>
<td>$ 1,128,923</td>
</tr>
</tbody>
</table>

*Accrued interest on property taxes in the amount of $312,305 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:

<table>
<thead>
<tr>
<th>Unavailable</th>
<th>Unearned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delinquent property taxes receivable</td>
<td>$ 515,764</td>
</tr>
<tr>
<td>Grant drawdowns not yet earned</td>
<td></td>
</tr>
<tr>
<td>Prepaid tuition</td>
<td></td>
</tr>
<tr>
<td>Tax overpayments</td>
<td></td>
</tr>
<tr>
<td>School building grants</td>
<td>20,135</td>
</tr>
<tr>
<td><strong>Total Deferred/Unearned Revenue for Governmental Funds</strong></td>
<td><strong>$ 535,899</strong></td>
</tr>
</tbody>
</table>

5. **CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 was as follows:

<table>
<thead>
<tr>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital assets not being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$ 19,028,656</td>
<td>$</td>
<td>$ 19,028,656</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>76,402</td>
<td>351,494</td>
<td>427,896</td>
</tr>
<tr>
<td><strong>Total capital assets not being depreciated</strong></td>
<td>19,105,058</td>
<td>351,494</td>
<td>19,456,552</td>
</tr>
<tr>
<td><strong>Capital assets being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land improvements</td>
<td>614,002</td>
<td>(2,233)</td>
<td>611,769</td>
</tr>
<tr>
<td>Buildings</td>
<td>69,159,777</td>
<td>(10,000)</td>
<td>69,149,779</td>
</tr>
<tr>
<td>Building improvements</td>
<td>1,334,469</td>
<td>54,433</td>
<td>1,388,902</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>1,288,330</td>
<td>43,477</td>
<td>1,331,807</td>
</tr>
<tr>
<td>Vehicles</td>
<td>3,962,914</td>
<td>134,660</td>
<td>4,097,574</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>25,368,592</td>
<td>2,020</td>
<td>25,370,612</td>
</tr>
<tr>
<td><strong>Total capital assets being depreciated</strong></td>
<td>101,728,086</td>
<td>234,590</td>
<td>(12,233)</td>
</tr>
<tr>
<td>Less accumulated depreciation:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land improvements</td>
<td>(137,741)</td>
<td>(19,562)</td>
<td>(157,303)</td>
</tr>
<tr>
<td>Buildings</td>
<td>(14,591,029)</td>
<td>(893,386)</td>
<td>(15,484,902)</td>
</tr>
<tr>
<td>Building improvements</td>
<td>(43,495)</td>
<td>(40,618)</td>
<td>(84,113)</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>(945,634)</td>
<td>(34,452)</td>
<td>(980,086)</td>
</tr>
<tr>
<td>Vehicles</td>
<td>(2,471,395)</td>
<td>(253,545)</td>
<td>(2,724,940)</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>(9,185,368)</td>
<td>(345,888)</td>
<td>(9,531,256)</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation</strong></td>
<td>(27,374,662)</td>
<td>(1,587,451)</td>
<td>(3,513)</td>
</tr>
<tr>
<td><strong>Total capital assets being depreciated, net</strong></td>
<td>74,353,424</td>
<td>(1,352,861)</td>
<td>(8,720)</td>
</tr>
<tr>
<td><strong>Governmental Activities Capital Assets, Net</strong></td>
<td>$ 93,458,482</td>
<td>$ (1,001,367)</td>
<td>(8,720)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Governmental activities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>$ 669,555</td>
</tr>
<tr>
<td>Public safety</td>
<td>101,313</td>
</tr>
<tr>
<td>Public works</td>
<td>126,281</td>
</tr>
<tr>
<td>Education</td>
<td>672,913</td>
</tr>
<tr>
<td>Library</td>
<td>17,389</td>
</tr>
<tr>
<td><strong>Total Depreciation Expense - Governmental Activities</strong></td>
<td><strong>$ 1,587,451</strong></td>
</tr>
</tbody>
</table>
6. INTERFUND ACCOUNTS

At June 30, 2011, the amounts due to and from other funds were as follows:

<table>
<thead>
<tr>
<th>Receivable Fund</th>
<th>Payable Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Service Funds</td>
<td>General Fund</td>
<td>$ 191,511</td>
</tr>
<tr>
<td>Bonded Capital Projects</td>
<td>General Fund</td>
<td>500,000</td>
</tr>
<tr>
<td>Nonmajor Governmental</td>
<td>General Fund</td>
<td>600,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$ 1,291,511</strong></td>
</tr>
</tbody>
</table>

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

Interfund transfers:

<table>
<thead>
<tr>
<th>Transfers In</th>
<th>General Fund</th>
<th>Nonmajor Governmental Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers out:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>$</td>
<td>$ 221,189</td>
<td>$ 221,189</td>
</tr>
<tr>
<td>Nonmajor governmental</td>
<td>103,366</td>
<td>103,366</td>
<td>324,555</td>
</tr>
<tr>
<td><strong>Total Transfers Out</strong></td>
<td>103,366</td>
<td>221,189</td>
<td>324,555</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Bond Anticipation Notes:</th>
<th>Balance 7/1/2010</th>
<th>Additions</th>
<th>Deletions</th>
<th>Balance 6/30/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary school construction</td>
<td>$ 3,343,941</td>
<td>$ 2,350,000</td>
<td>($3,343,941)</td>
<td>$ 2,350,000</td>
</tr>
<tr>
<td>Land Acquisition</td>
<td>6,150,000</td>
<td>6,150,000</td>
<td>(6,150,000)</td>
<td>6,150,000</td>
</tr>
<tr>
<td>Water main improvements</td>
<td>345,006</td>
<td></td>
<td>(345,006)</td>
<td>-</td>
</tr>
<tr>
<td>Wells Hill Bridge</td>
<td>548,215</td>
<td></td>
<td>(548,215)</td>
<td>-</td>
</tr>
<tr>
<td>Central Office Construction</td>
<td>370,858</td>
<td></td>
<td>(370,858)</td>
<td>-</td>
</tr>
<tr>
<td>Fire Suppression (Easton County Day)</td>
<td>83,455</td>
<td></td>
<td>(83,455)</td>
<td>-</td>
</tr>
<tr>
<td>Fire Suppression (Zones 1-3)</td>
<td>208,525</td>
<td></td>
<td>(208,525)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$11,050,000</td>
<td>$8,500,000</td>
<td>($11,050,000)</td>
<td>$8,500,000</td>
</tr>
</tbody>
</table>

On July 20, 2010, the Town issued $8,500,000 of bond anticipation notes. These bond anticipation notes bear interest at 1.0% and mature on July 8, 2011 and are for elementary school construction and land acquisition.
8. LONG-TERM DEBT

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

<table>
<thead>
<tr>
<th>Bonds:</th>
<th>Original Amount</th>
<th>Date of Issue</th>
<th>Date of Maturity</th>
<th>Interest Rate (%)</th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bonds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>General purpose:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement bond</td>
<td>6,730,000</td>
<td>10/15/01</td>
<td>10/15/21</td>
<td>3.25-4.75</td>
<td>$673,000</td>
<td>$336,500</td>
<td>$336,500</td>
<td>$336,500</td>
<td>$336,500</td>
</tr>
<tr>
<td>Refunding bond</td>
<td>3,318,000</td>
<td>02/15/03</td>
<td>06/01/15</td>
<td>1.6-4.0</td>
<td>1,180,000</td>
<td>246,000</td>
<td>934,000</td>
<td>241,000</td>
<td></td>
</tr>
<tr>
<td>Improvement bond</td>
<td>1,424,000</td>
<td>07/15/10</td>
<td>07/15/25</td>
<td>1.0-3.375</td>
<td>-</td>
<td>1,424,000</td>
<td>1,424,000</td>
<td>94,000</td>
<td></td>
</tr>
<tr>
<td>Refunding bond (2001 issue)</td>
<td>3,739,500</td>
<td>05/28/09</td>
<td>10/15/21</td>
<td>3.0-5.0</td>
<td>3,437,500</td>
<td>25,000</td>
<td>3,412,500</td>
<td>2,500</td>
<td></td>
</tr>
<tr>
<td><strong>Total general purpose</strong></td>
<td>5,290,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,424,000</td>
<td></td>
<td>6,107,000</td>
<td>674,000</td>
</tr>
<tr>
<td><strong>Schools:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement bond</td>
<td>10,370,000</td>
<td>10/15/01</td>
<td>10/15/21</td>
<td>3.25-4.75</td>
<td>1,037,000</td>
<td>518,500</td>
<td>518,500</td>
<td>518,500</td>
<td>518,500</td>
</tr>
<tr>
<td>Refunding bond</td>
<td>447,000</td>
<td>01/15/03</td>
<td>06/01/15</td>
<td>1.6-4.0</td>
<td>170,000</td>
<td>34,000</td>
<td>136,000</td>
<td>34,000</td>
<td></td>
</tr>
<tr>
<td>Improvement bond</td>
<td>12,500,000</td>
<td>11/01/04</td>
<td>11/01/24</td>
<td>2.75-4.3</td>
<td>9,375,000</td>
<td>9,375,000</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Improvement bond</td>
<td>9,600,000</td>
<td>11/01/05</td>
<td>11/01/25</td>
<td>3.75-5.0</td>
<td>7,680,000</td>
<td>480,000</td>
<td>7,200,000</td>
<td>480,000</td>
<td></td>
</tr>
<tr>
<td>Refunding bond (2001 issue)</td>
<td>5,765,500</td>
<td>05/28/09</td>
<td>10/15/21</td>
<td>3.0-5.0</td>
<td>5,292,500</td>
<td>35,000</td>
<td>5,257,500</td>
<td>2,500</td>
<td></td>
</tr>
<tr>
<td>Improvement bond</td>
<td>925,000</td>
<td>07/15/10</td>
<td>07/15/25</td>
<td>1.0-3.375</td>
<td>-</td>
<td>925,000</td>
<td>925,000</td>
<td>64,000</td>
<td></td>
</tr>
<tr>
<td>Refunding bond</td>
<td>8,485,000</td>
<td>06/01/11</td>
<td>06/01/25</td>
<td>2.0-5</td>
<td>-</td>
<td>8,485,000</td>
<td>8,485,000</td>
<td>485,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total schools</strong></td>
<td>23,554,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9,410,000</td>
<td></td>
<td>22,522,000</td>
<td>1,584,000</td>
</tr>
<tr>
<td><strong>Sewer:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement bond</td>
<td>326,000</td>
<td>07/15/10</td>
<td>07/15/25</td>
<td>1.0-3.375</td>
<td>-</td>
<td>326,000</td>
<td>326,000</td>
<td>22,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total bonds/notes</strong></td>
<td>28,845,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11,160,000</td>
<td></td>
<td>28,955,000</td>
<td>2,280,000</td>
</tr>
<tr>
<td>Deferred charge in refunding issue</td>
<td>(195,568)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>265,000</td>
<td>(17,779)</td>
<td>87,211</td>
<td></td>
</tr>
<tr>
<td>Bond premium</td>
<td>16,833</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>553,795</td>
<td>3,366</td>
<td>567,262</td>
<td></td>
</tr>
<tr>
<td><strong>Total bonds and related liabilities</strong></td>
<td>28,666,265</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11,978,795</td>
<td></td>
<td>29,609,473</td>
<td>2,280,000</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>1,049,045</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17,384</td>
<td>9,757</td>
<td>1,056,672</td>
<td>211,334</td>
</tr>
<tr>
<td>Heart and hypertension</td>
<td>1,090,904</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>27,173</td>
<td>1,063,731</td>
<td>83,313</td>
<td></td>
</tr>
<tr>
<td>Net OPEB obligation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total General Long-Term Obligations</strong></td>
<td>$30,806,214</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$12,292,820</td>
<td></td>
<td>$11,072,517</td>
<td>$2,574,647</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Year Ending June 30,</th>
<th>To Be Provided By State</th>
<th>Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For Principal</td>
<td>For Interest</td>
</tr>
<tr>
<td>2012</td>
<td>$ 5,175</td>
<td>$ 789</td>
</tr>
<tr>
<td>2013</td>
<td>5,081</td>
<td>586</td>
</tr>
<tr>
<td>2014</td>
<td>5,081</td>
<td>387</td>
</tr>
<tr>
<td>2015</td>
<td>4,798</td>
<td>188</td>
</tr>
<tr>
<td>2016</td>
<td>5,081</td>
<td>587</td>
</tr>
<tr>
<td>2017</td>
<td>2,175,000</td>
<td>626,094</td>
</tr>
<tr>
<td>2018</td>
<td>2,175,000</td>
<td>599,769</td>
</tr>
<tr>
<td>2019</td>
<td>2,170,000</td>
<td>461,406</td>
</tr>
<tr>
<td>2020</td>
<td>2,150,000</td>
<td>386,231</td>
</tr>
<tr>
<td>2021</td>
<td>2,145,000</td>
<td>301,869</td>
</tr>
<tr>
<td>2022</td>
<td>2,135,000</td>
<td>213,119</td>
</tr>
<tr>
<td>2023</td>
<td>1,290,000</td>
<td>144,534</td>
</tr>
<tr>
<td>2024</td>
<td>1,290,000</td>
<td>96,109</td>
</tr>
<tr>
<td>2025</td>
<td>1,280,000</td>
<td>49,834</td>
</tr>
<tr>
<td>2026</td>
<td>655,000</td>
<td>13,263</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 20,135</strong></td>
<td><strong>$ 1,950</strong></td>
</tr>
</tbody>
</table>

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, 2011, which matures through 2026, amounted to $21,230,000. The Town’s share of the debt, net of the related grant, was $10,073,635.

**Defeasance of Debt**

On June 1, 2011, the Town issued $8,485,000 in General Obligation Refunding Bonds for education debt with an average interest rate of 3.43% to advance refund $8,750,000 in 2004. The net proceeds of $8,919,993, (after payment of $118,802 in underwriting fees, insurance and other issuance costs) were used to purchase a portfolio of noncallable direct obligations of, or obligations guaranteed by, the United States of America. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and have been removed from the Town’s financial statements.

The Town advance funded the 2004 bonds to reduce its total debt service payments over the next 13 years by $667,519 and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of $638,825.

**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, 2011, $8,670,000 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Debt Limit</th>
<th>Net Indebtedness</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General purpose</td>
<td>$ 83,350,451</td>
<td>$ 12,464,805</td>
<td>$ 70,885,646</td>
</tr>
<tr>
<td>Schools</td>
<td>166,700,903</td>
<td>34,949,559</td>
<td>131,751,344</td>
</tr>
<tr>
<td>Sewers</td>
<td>138,917,419</td>
<td>326,000</td>
<td>138,591,419</td>
</tr>
<tr>
<td>Urban renewal</td>
<td>120,395,096</td>
<td></td>
<td>120,395,096</td>
</tr>
<tr>
<td>Pension deficit</td>
<td>111,133,935</td>
<td></td>
<td>111,133,935</td>
</tr>
</tbody>
</table>

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, $259,312,515 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 $20,135 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:

<table>
<thead>
<tr>
<th>Claims Payable</th>
<th>Current Year Claims and Changes in Estimates</th>
<th>Claims Payments</th>
<th>Claims Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1</td>
<td>$130,471</td>
<td>$1738,904</td>
<td>$1812,020</td>
</tr>
<tr>
<td>2009-2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-2011</td>
<td>$57,355</td>
<td>$1876,406</td>
<td>$1877,480</td>
</tr>
</tbody>
</table>

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, 2010, the plan’s membership consisted of:

<table>
<thead>
<tr>
<th>Class of Employees Covered</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirees and beneficiaries currently receiving benefits</td>
<td>49</td>
</tr>
<tr>
<td>Terminated members entitled to benefits but not yet receiving</td>
<td>33</td>
</tr>
<tr>
<td>them</td>
<td></td>
</tr>
<tr>
<td>Current active members</td>
<td>105</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>187</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>Actual Contribution</th>
<th>Annual Required Contribution (ARC)</th>
<th>Percentage of ARC Contributed</th>
<th>Annual Pension Cost (APC)</th>
<th>Percentage of APC Contributed</th>
<th>Net Pension Asset (Obligation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$ 469,000</td>
<td>$ 350,716</td>
<td>133.7%</td>
<td>$ 352,331</td>
<td>133.1%</td>
<td>$ 147,786</td>
</tr>
<tr>
<td>2007</td>
<td>415,000</td>
<td>320,622</td>
<td>129.4</td>
<td>328,924</td>
<td>126.2</td>
<td>233,862</td>
</tr>
<tr>
<td>2008</td>
<td>360,000</td>
<td>257,959</td>
<td>139.6</td>
<td>272,278</td>
<td>132.2</td>
<td>321,584</td>
</tr>
<tr>
<td>2009</td>
<td>254,000</td>
<td>362,172</td>
<td>70.1</td>
<td>377,809</td>
<td>67.2</td>
<td>197,775</td>
</tr>
<tr>
<td>2010</td>
<td>554,000</td>
<td>687,975</td>
<td>80.5</td>
<td>698,146</td>
<td>79.4</td>
<td>53,629</td>
</tr>
<tr>
<td>2011</td>
<td>691,269</td>
<td>686,523</td>
<td>100.7</td>
<td>689,581</td>
<td>100.2</td>
<td>55,317</td>
</tr>
</tbody>
</table>

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, 2010
- **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**: $686,523
- **Interest on net pension asset**: (3,754)
- **Adjustment to annual required contribution**: 6,812

**Annual Pension Cost**

- **Annual pension cost**: 689,581
- **Contributions made**: 691,269

**Net Pension Asset**

- **Increase in net pension asset**: 1,688
- **Net pension asset - July 1, 2010**: 53,629
- **Net Pension Asset - June 30, 2011**: $55,317

### Schedule of Funding Progress

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Assets (a)</th>
<th>Actuarial Accrued Liability(AAL) (b)</th>
<th>Funded (Unfunded) AAL (UAAL) (a-b)</th>
<th>Percentage Funded (a/b)</th>
<th>Covered Payroll (c)</th>
<th>UAAL as a % of Covered Payroll ((a-b)/c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1/05</td>
<td>$9,136,909</td>
<td>$10,048,650</td>
<td>$911,741</td>
<td>90.9%</td>
<td>$3,101,427</td>
<td>29.40%</td>
</tr>
<tr>
<td>7/1/06</td>
<td>10,393,040</td>
<td>10,919,909</td>
<td>526,869</td>
<td>95.2</td>
<td>3,457,793</td>
<td>15.24</td>
</tr>
<tr>
<td>7/1/07</td>
<td>12,148,662</td>
<td>11,932,419</td>
<td>(216,243)</td>
<td>101.8</td>
<td>3,653,568</td>
<td>(5.92)</td>
</tr>
<tr>
<td>7/1/08</td>
<td>11,594,133</td>
<td>12,430,130</td>
<td>835,997</td>
<td>93.3</td>
<td>3,976,807</td>
<td>21.02</td>
</tr>
<tr>
<td>7/1/09</td>
<td>9,129,252</td>
<td>12,922,832</td>
<td>3,793,580</td>
<td>70.6</td>
<td>4,192,636</td>
<td>90.48</td>
</tr>
<tr>
<td>7/1/10</td>
<td>10,177,663</td>
<td>13,219,729</td>
<td>3,042,066</td>
<td>77.0</td>
<td>4,481,747</td>
<td>67.88</td>
</tr>
</tbody>
</table>
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, 2011, 2010 and 2009 were $257,231, $168,227 and $134,489, 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 $1,136,743.
12. OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

**Town**

In addition to the pension benefits described in Note 11, 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. |
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, 2010:

<table>
<thead>
<tr>
<th>Town of Easton Retiree Medical Benefit Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of retirees and eligible surviving spouses 7</td>
</tr>
<tr>
<td>Number of active participants 241</td>
</tr>
<tr>
<td>Total 248</td>
</tr>
</tbody>
</table>

C. Description of Actuarial Assumptions and Methods

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

<table>
<thead>
<tr>
<th>Town of Easton Retiree Medical Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial valuation date  July 1, 2010</td>
</tr>
<tr>
<td>Actuarial cost method  Projected Unit Credit Cost</td>
</tr>
<tr>
<td>Amortization method  Level dollar</td>
</tr>
<tr>
<td>Remaining amortization period 30 years</td>
</tr>
<tr>
<td>Actuarial assumptions:</td>
</tr>
<tr>
<td>Investment rate of return 4.5%/annum</td>
</tr>
<tr>
<td>Projected salary increases n/a</td>
</tr>
</tbody>
</table>

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 10 years service, or 25 years service. Early retirement - age 55 and 25 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:

<table>
<thead>
<tr>
<th>Town of Easton Retiree Medical Benefit Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual required contribution</td>
</tr>
<tr>
<td>Interest on net OPEB obligation</td>
</tr>
<tr>
<td>Adjustment to annual required contribution</td>
</tr>
<tr>
<td>Annual OPEB cost</td>
</tr>
<tr>
<td>Contribution made</td>
</tr>
<tr>
<td>Increase in net OPEB obligation</td>
</tr>
<tr>
<td>Net OPEB obligation, July 1, 2010</td>
</tr>
<tr>
<td>Net OPEB Obligation, June 30, 2011</td>
</tr>
</tbody>
</table>

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, 2011 is presented below. Data is only presented for two fiscal years as it is only the second year of implementation.

<table>
<thead>
<tr>
<th>Annual OPEB Cost (AOC)</th>
<th>Actual Contribution</th>
<th>Percentage of AOC Contributed</th>
<th>Net OPEB Obligation (Asset)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/30/10</td>
<td>$335,488</td>
<td>$69,980</td>
<td>$496,897</td>
</tr>
<tr>
<td>6/30/11</td>
<td>315,538</td>
<td>18,897</td>
<td>793,538</td>
</tr>
</tbody>
</table>

**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):

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Assets (a)</th>
<th>Actuarial Accrued Liability (b)</th>
<th>Underfunded AAL (OAAL) (b-a)</th>
<th>Funded Ratio (a/b)</th>
<th>Covered Payroll (c)</th>
<th>UAAL as a Percentage of Covered Payroll ((b-a)/c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1/08</td>
<td>$-</td>
<td>$2,777,663</td>
<td>$2,777,663</td>
<td>-</td>
<td>$12,665,797</td>
<td>21.9%</td>
</tr>
<tr>
<td>7/1/10</td>
<td>-</td>
<td>2,623,470</td>
<td>2,623,470</td>
<td>-</td>
<td>12,712,616</td>
<td>20.6%</td>
</tr>
</tbody>
</table>
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 8, 2011, the Town issued $8,124,000 in bond anticipation notes. The notes mature on July 6, 2012 with a rate of 1% and are for land acquisition and elementary school construction.
### TOWN OF EASTON, CONNECTICUT

**GENERAL FUND**

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2011**

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance With Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property Taxes:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes, current and prior</td>
<td>$36,853,273</td>
<td>36,853,273</td>
<td>$36,894,305</td>
<td>$41,032</td>
</tr>
<tr>
<td>Interest and lien fees</td>
<td>100,000</td>
<td>100,000</td>
<td>181,258</td>
<td>81,258</td>
</tr>
<tr>
<td>Telephone access</td>
<td>58,427</td>
<td>58,427</td>
<td>19,092</td>
<td>(39,335)</td>
</tr>
<tr>
<td><strong>Total property taxes</strong></td>
<td>37,011,700</td>
<td>37,011,700</td>
<td>37,094,655</td>
<td>82,955</td>
</tr>
<tr>
<td><strong>Intergovernmental:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational assistance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special education and education cost share</td>
<td>509,144</td>
<td>509,144</td>
<td>554,834</td>
<td>45,690</td>
</tr>
<tr>
<td>School building grant</td>
<td>151,514</td>
<td>151,514</td>
<td>270,231</td>
<td>118,717</td>
</tr>
<tr>
<td>Other</td>
<td>8,572</td>
<td>8,572</td>
<td>13,220</td>
<td>4,648</td>
</tr>
<tr>
<td><strong>Total educational assistance</strong></td>
<td>669,230</td>
<td>669,230</td>
<td>838,285</td>
<td>169,055</td>
</tr>
<tr>
<td><strong>Town assistance:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town aid roads</td>
<td>83,332</td>
<td>83,332</td>
<td>113,557</td>
<td>30,225</td>
</tr>
<tr>
<td>Bond subsidy payments</td>
<td>250,000</td>
<td>250,000</td>
<td>(250,000)</td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>615,613</td>
<td>615,613</td>
<td>(615,613)</td>
<td></td>
</tr>
<tr>
<td>In lieu of tax loss - boats</td>
<td>4,814</td>
<td>4,814</td>
<td>3,896</td>
<td>(918)</td>
</tr>
<tr>
<td>Elderly tax relief</td>
<td>37,294</td>
<td>37,294</td>
<td>37,360</td>
<td>66</td>
</tr>
<tr>
<td>Tax relief for the totally disabled</td>
<td>2,991</td>
<td>2,991</td>
<td>67</td>
<td>(2,924)</td>
</tr>
<tr>
<td>State owned property</td>
<td>63,617</td>
<td>63,617</td>
<td>59,638</td>
<td>(3,979)</td>
</tr>
<tr>
<td>Mashantucket Pequot grant</td>
<td>21,395</td>
<td>21,395</td>
<td>8,063</td>
<td>(13,332)</td>
</tr>
<tr>
<td>Civil preparedness</td>
<td>4,118</td>
<td>4,118</td>
<td>4,190</td>
<td>72</td>
</tr>
<tr>
<td>Property tax relief (veterans)</td>
<td>10,329</td>
<td>10,329</td>
<td>(10,329)</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>15,000</td>
<td>15,000</td>
<td>31,994</td>
<td>16,994</td>
</tr>
<tr>
<td><strong>Total town assistance</strong></td>
<td>1,108,503</td>
<td>1,108,503</td>
<td>258,765</td>
<td>(849,738)</td>
</tr>
<tr>
<td><strong>Total intergovernmental</strong></td>
<td>1,777,733</td>
<td>1,777,733</td>
<td>1,097,050</td>
<td>(680,683)</td>
</tr>
<tr>
<td><strong>Investment Income</strong></td>
<td>375,000</td>
<td>375,000</td>
<td>187,049</td>
<td>(187,951)</td>
</tr>
<tr>
<td><strong>Charges for Services:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town clerk</td>
<td>150,000</td>
<td>150,000</td>
<td>164,537</td>
<td>14,537</td>
</tr>
<tr>
<td>Building inspection fees and permits</td>
<td>105,000</td>
<td>105,000</td>
<td>95,678</td>
<td>(9,322)</td>
</tr>
<tr>
<td>Health department</td>
<td>20,000</td>
<td>20,000</td>
<td>19,305</td>
<td>(695)</td>
</tr>
<tr>
<td>Planning and zoning</td>
<td>10,000</td>
<td>10,000</td>
<td>24,110</td>
<td>14,110</td>
</tr>
<tr>
<td>Conservation commission</td>
<td>3,000</td>
<td>3,000</td>
<td>26,476</td>
<td>23,476</td>
</tr>
<tr>
<td>Police department</td>
<td>125,000</td>
<td>125,000</td>
<td>119,200</td>
<td>(5,800)</td>
</tr>
<tr>
<td>First selectman</td>
<td>85,000</td>
<td>85,000</td>
<td>76,008</td>
<td>(8,992)</td>
</tr>
<tr>
<td>Municipal building leases</td>
<td>340,450</td>
<td>340,450</td>
<td>313,516</td>
<td>(26,934)</td>
</tr>
</tbody>
</table>

(Continued on next page)
### SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES

#### BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance With Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire marshal</td>
<td>$40</td>
<td>$40</td>
<td>$40</td>
<td>$-</td>
</tr>
<tr>
<td>Parks and recreation</td>
<td>29,252</td>
<td>29,252</td>
<td>28,252</td>
<td>(1,000)</td>
</tr>
<tr>
<td>Region 9 tuition</td>
<td>10,082</td>
<td>10,082</td>
<td>10,053</td>
<td>(29)</td>
</tr>
<tr>
<td>BOE tuition</td>
<td>14,106</td>
<td>14,106</td>
<td>11,979</td>
<td>(2,127)</td>
</tr>
<tr>
<td>Recycling bins</td>
<td></td>
<td>696</td>
<td>696</td>
<td></td>
</tr>
<tr>
<td>Highway department</td>
<td>1,500</td>
<td>1,500</td>
<td>1,108</td>
<td>(392)</td>
</tr>
<tr>
<td>Other</td>
<td>500</td>
<td>500</td>
<td></td>
<td>(500)</td>
</tr>
<tr>
<td>Total charges for services</td>
<td>893,930</td>
<td>893,930</td>
<td>890,958</td>
<td>(2,972)</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>40,058,363</td>
<td>40,058,363</td>
<td>39,269,712</td>
<td>(788,651)</td>
</tr>
</tbody>
</table>

**Other Financing Sources:**

<table>
<thead>
<tr>
<th>Source</th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance With Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer in - Park and rec activity</td>
<td></td>
<td>8,366</td>
<td>8,366</td>
<td></td>
</tr>
<tr>
<td>Transfer in - EMS</td>
<td>95,000</td>
<td>95,000</td>
<td>95,000</td>
<td>-</td>
</tr>
<tr>
<td>Total other financing sources</td>
<td>95,000</td>
<td>95,000</td>
<td>103,366</td>
<td>8,366</td>
</tr>
</tbody>
</table>

Total Revenues and Other Financing Sources $40,153,363 $40,153,363 39,373,078 $ (780,285)

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 1,136,743

- Premium on refunding bonds 553,795

- Proceeds from sale of refunding bonds 8,485,000

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV $49,548,616
TOWN OF EASTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Additional Appropriations and Transfers</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance With Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Government:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town clerk</td>
<td>$ 153,697</td>
<td>$ 153,697</td>
<td>$ 153,674</td>
<td>$ 153,674</td>
<td>23</td>
</tr>
<tr>
<td>First selectman</td>
<td>154,029</td>
<td>154,029</td>
<td>150,822</td>
<td></td>
<td>3,207</td>
</tr>
<tr>
<td>Probate court</td>
<td>4,625</td>
<td>4,625</td>
<td>4,625</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registrar of voters</td>
<td>62,982</td>
<td>62,982</td>
<td>44,006</td>
<td>18,976</td>
<td></td>
</tr>
<tr>
<td>Board of finance</td>
<td>6,500</td>
<td>6,500</td>
<td>5,067</td>
<td>1,433</td>
<td></td>
</tr>
<tr>
<td>Auditors</td>
<td>36,250</td>
<td>36,250</td>
<td>35,100</td>
<td>1,150</td>
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</tr>
<tr>
<td>Treasurer</td>
<td>172,813</td>
<td>172,813</td>
<td>169,405</td>
<td>3,408</td>
<td></td>
</tr>
<tr>
<td>Assessor</td>
<td>104,972</td>
<td>104,972</td>
<td>104,756</td>
<td>216</td>
<td></td>
</tr>
<tr>
<td>Board of assessment appeals</td>
<td>400</td>
<td>400</td>
<td>176</td>
<td></td>
<td>224</td>
</tr>
<tr>
<td>Treasurer</td>
<td>91,796</td>
<td>91,796</td>
<td>86,992</td>
<td>4,804</td>
<td></td>
</tr>
<tr>
<td>First selectman</td>
<td>90,000</td>
<td>20,000</td>
<td>103,789</td>
<td>6,211</td>
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</tr>
<tr>
<td>Planning and zoning commission</td>
<td>107,943</td>
<td>107,943</td>
<td>104,823</td>
<td>3,120</td>
<td></td>
</tr>
<tr>
<td>Zoning board of appeals</td>
<td>7,219</td>
<td>7,219</td>
<td>6,351</td>
<td></td>
<td>868</td>
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<tr>
<td>Building department</td>
<td>93,830</td>
<td>93,830</td>
<td>90,430</td>
<td></td>
<td>3,400</td>
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<tr>
<td>Technology computer</td>
<td>29,854</td>
<td>29,854</td>
<td>24,211</td>
<td></td>
<td>5,643</td>
</tr>
<tr>
<td>Town Hall</td>
<td>135,373</td>
<td>135,373</td>
<td>116,035</td>
<td></td>
<td>19,338</td>
</tr>
<tr>
<td>Communication dispatchers</td>
<td>224,112</td>
<td>224,112</td>
<td>194,603</td>
<td></td>
<td>29,509</td>
</tr>
<tr>
<td>Commission for the elderly</td>
<td>51,692</td>
<td>51,692</td>
<td>51,694</td>
<td></td>
<td></td>
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<tr>
<td>Senior center</td>
<td>153,944</td>
<td>9,313</td>
<td>156,136</td>
<td></td>
<td></td>
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<tr>
<td>SSS building</td>
<td>370,627</td>
<td>370,627</td>
<td>334,998</td>
<td></td>
<td>35,629</td>
</tr>
<tr>
<td>Cemetery</td>
<td>2,450</td>
<td>2,450</td>
<td>2,406</td>
<td></td>
<td>44</td>
</tr>
<tr>
<td>Public celebrations</td>
<td>450</td>
<td>450</td>
<td>1,059</td>
<td></td>
<td>(609)</td>
</tr>
<tr>
<td>Total general government</td>
<td>2,055,558</td>
<td>29,313</td>
<td>2,084,871</td>
<td>1,941,158</td>
<td>143,713</td>
</tr>
<tr>
<td><strong>Public Safety:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Police department</td>
<td>1,517,120</td>
<td>9,511</td>
<td>1,526,631</td>
<td></td>
<td>19,583</td>
</tr>
<tr>
<td>Fire department</td>
<td>735,016</td>
<td>42,884</td>
<td>777,900</td>
<td></td>
<td>5,245</td>
</tr>
<tr>
<td>Fire marshall</td>
<td>28,554</td>
<td>28,554</td>
<td>19,544</td>
<td></td>
<td>9,010</td>
</tr>
<tr>
<td>Emergency management</td>
<td>8,593</td>
<td>8,593</td>
<td>8,088</td>
<td></td>
<td>505</td>
</tr>
<tr>
<td>Firehouse rent</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservation commission</td>
<td>36,171</td>
<td>36,171</td>
<td>32,284</td>
<td></td>
<td></td>
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<tr>
<td>Total public safety</td>
<td>2,365,454</td>
<td>52,395</td>
<td>2,417,849</td>
<td></td>
<td>38,230</td>
</tr>
<tr>
<td><strong>Public Works:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycling</td>
<td>127,200</td>
<td>127,200</td>
<td>123,300</td>
<td></td>
<td>3,900</td>
</tr>
<tr>
<td>Highway department</td>
<td>1,925,635</td>
<td>(1,566)</td>
<td>1,924,069</td>
<td></td>
<td>35,767</td>
</tr>
<tr>
<td>Street lights</td>
<td>1,432</td>
<td>214</td>
<td>1,646</td>
<td></td>
<td>1,647</td>
</tr>
<tr>
<td>Engineering and professional services</td>
<td>39,330</td>
<td>20,000</td>
<td>59,330</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total public works</td>
<td>2,093,597</td>
<td>18,648</td>
<td>2,112,245</td>
<td></td>
<td>39,666</td>
</tr>
<tr>
<td><strong>Health and Welfare:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health director</td>
<td>77,334</td>
<td>77,334</td>
<td>72,335</td>
<td></td>
<td>4,999</td>
</tr>
<tr>
<td>EMS commission</td>
<td>260,979</td>
<td>260,979</td>
<td>249,505</td>
<td></td>
<td>11,474</td>
</tr>
<tr>
<td>Welfare</td>
<td>4,091</td>
<td>4,091</td>
<td>1,804</td>
<td></td>
<td>2,287</td>
</tr>
<tr>
<td>Total health and welfare</td>
<td>342,404</td>
<td>-</td>
<td>323,644</td>
<td></td>
<td>18,760</td>
</tr>
</tbody>
</table>

(Continued on next page)
## Education:

### Easton Board of Education:

<table>
<thead>
<tr>
<th>Education Area</th>
<th>Original Budget</th>
<th>Additional Appropriations and Transfers</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance With Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General instruction</td>
<td>$6,925,467</td>
<td>$(59,127)</td>
<td>$6,866,340</td>
<td>$6,852,133</td>
<td>$14,207</td>
</tr>
<tr>
<td>Kindergarten</td>
<td>10,940</td>
<td>(322)</td>
<td>10,618</td>
<td>8,616</td>
<td>2,002</td>
</tr>
<tr>
<td>Humanities</td>
<td>25,393</td>
<td>(3,817)</td>
<td>21,576</td>
<td>18,228</td>
<td>3,348</td>
</tr>
<tr>
<td>Integrated language arts</td>
<td>26,071</td>
<td>1,586</td>
<td>27,657</td>
<td>26,444</td>
<td>1,213</td>
</tr>
<tr>
<td>Curriculum</td>
<td>56,720</td>
<td>965</td>
<td>57,685</td>
<td>55,717</td>
<td>1,968</td>
</tr>
<tr>
<td>Science/math technology</td>
<td>35,404</td>
<td>(937)</td>
<td>34,467</td>
<td>34,432</td>
<td>35</td>
</tr>
<tr>
<td>Physical education/health</td>
<td>4,450</td>
<td>140</td>
<td>4,590</td>
<td>4,533</td>
<td>57</td>
</tr>
<tr>
<td>Special services</td>
<td>23,500</td>
<td>5,903</td>
<td>29,403</td>
<td>37,543</td>
<td>(8,140)</td>
</tr>
<tr>
<td>Special education</td>
<td>3,294,445</td>
<td>(16,749)</td>
<td>3,277,696</td>
<td>3,056,015</td>
<td>221,681</td>
</tr>
<tr>
<td>Guidance</td>
<td>6,802</td>
<td>335</td>
<td>7,137</td>
<td>7,064</td>
<td>73</td>
</tr>
<tr>
<td>Health services</td>
<td>172,833</td>
<td>(813)</td>
<td>172,020</td>
<td>166,542</td>
<td>5,478</td>
</tr>
<tr>
<td>Psychological services</td>
<td>11,710</td>
<td>2,500</td>
<td>14,210</td>
<td>9,319</td>
<td>4,891</td>
</tr>
<tr>
<td>Speech services</td>
<td>16,300</td>
<td>16,300</td>
<td>32,600</td>
<td>7,432</td>
<td>8,868</td>
</tr>
<tr>
<td>Educational media services</td>
<td>49,430</td>
<td>(1,489)</td>
<td>47,941</td>
<td>48,450</td>
<td>(509)</td>
</tr>
<tr>
<td>Technology plan</td>
<td>258,356</td>
<td>36,525</td>
<td>294,881</td>
<td>307,920</td>
<td>(13,039)</td>
</tr>
<tr>
<td>Board of education</td>
<td>72,554</td>
<td>360</td>
<td>72,914</td>
<td>99,496</td>
<td>(26,942)</td>
</tr>
<tr>
<td>Central administration</td>
<td>520,888</td>
<td>360</td>
<td>521,248</td>
<td>521,248</td>
<td>-</td>
</tr>
<tr>
<td>School administration</td>
<td>941,178</td>
<td>(24,269)</td>
<td>916,909</td>
<td>910,602</td>
<td>6,307</td>
</tr>
<tr>
<td>physical plant</td>
<td>1,422,787</td>
<td>58,927</td>
<td>1,481,714</td>
<td>1,529,686</td>
<td>(47,972)</td>
</tr>
<tr>
<td>Student transportation</td>
<td>803,021</td>
<td>2,982</td>
<td>806,003</td>
<td>803,227</td>
<td>2,776</td>
</tr>
<tr>
<td>Food service</td>
<td>3,300</td>
<td>(2,700)</td>
<td>600</td>
<td>6,148</td>
<td>(5,548)</td>
</tr>
<tr>
<td>Total Easton Board of Education</td>
<td>14,681,549</td>
<td>-</td>
<td>14,681,549</td>
<td>14,510,795</td>
<td>170,754</td>
</tr>
</tbody>
</table>

### Regional School District No. 9

<table>
<thead>
<tr>
<th>Education Area</th>
<th>Original Budget</th>
<th>Additional Appropriations and Transfers</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance With Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total education</td>
<td>10,065,195</td>
<td>-</td>
<td>10,065,195</td>
<td>10,017,745</td>
<td>47,450</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education Area</th>
<th>Original Budget</th>
<th>Additional Appropriations and Transfers</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance With Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Library</td>
<td>556,281</td>
<td></td>
<td>556,281</td>
<td>530,764</td>
<td>25,517</td>
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</tbody>
</table>

### Parks and Recreation:

<table>
<thead>
<tr>
<th>Education Area</th>
<th>Original Budget</th>
<th>Additional Appropriations and Transfers</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance With Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parks and recreation commission</td>
<td>361,882</td>
<td>19,325</td>
<td>381,207</td>
<td>357,920</td>
<td>23,287</td>
</tr>
<tr>
<td>Tree warden</td>
<td>39,780</td>
<td></td>
<td>39,780</td>
<td>38,330</td>
<td>1,450</td>
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<tr>
<td>Total parks and recreation</td>
<td>401,662</td>
<td>19,325</td>
<td>420,987</td>
<td>396,250</td>
<td>24,737</td>
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### Employee Benefits:

<table>
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<tr>
<th>Education Area</th>
<th>Original Budget</th>
<th>Additional Appropriations and Transfers</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance With Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensions</td>
<td>996,657</td>
<td>16,909</td>
<td>1,013,566</td>
<td>1,006,042</td>
<td>7,524</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>1,975,808</td>
<td></td>
<td>1,975,808</td>
<td>1,781,654</td>
<td>194,154</td>
</tr>
<tr>
<td>Social Security and Medicare</td>
<td>420,540</td>
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<td>420,540</td>
<td>405,249</td>
<td>15,291</td>
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<tr>
<td>Total employee benefits</td>
<td>3,393,005</td>
<td>16,909</td>
<td>3,409,914</td>
<td>3,192,945</td>
<td>216,969</td>
</tr>
</tbody>
</table>

(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, 2011**

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Additional Appropriations and Transfers</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance With Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>$ 596,972</td>
<td>$ 9,750</td>
<td>$ 606,722</td>
<td>$ 606,698</td>
<td>$ 24</td>
</tr>
<tr>
<td>Other-Contingency</td>
<td>125,000</td>
<td>(57,772)</td>
<td>67,228</td>
<td>-</td>
<td>67,228</td>
</tr>
<tr>
<td>Debt Service:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal retirement</td>
<td>2,386,053</td>
<td>811</td>
<td>2,386,864</td>
<td>2,386,864</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>1,182,563</td>
<td>(811)</td>
<td>1,181,752</td>
<td>1,147,782</td>
<td>33,970</td>
</tr>
<tr>
<td>Fiscal agent fees</td>
<td>46,000</td>
<td>46,000</td>
<td>43,950</td>
<td>2,050</td>
<td></td>
</tr>
<tr>
<td>Total debt service</td>
<td>3,614,616</td>
<td>-</td>
<td>3,614,616</td>
<td>3,578,596</td>
<td>36,020</td>
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<tr>
<td>Total expenditures</td>
<td>40,291,293</td>
<td>88,568</td>
<td>40,379,861</td>
<td>39,550,793</td>
<td>829,068</td>
</tr>
<tr>
<td>Other Financing Uses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dog fund</td>
<td>62,590</td>
<td>62,590</td>
<td>62,590</td>
<td>62,590</td>
<td>-</td>
</tr>
<tr>
<td>Senior Center</td>
<td>7,119</td>
<td>7,119</td>
<td>7,119</td>
<td>7,119</td>
<td>-</td>
</tr>
<tr>
<td>Capital nonrecurring</td>
<td>151,480</td>
<td>151,480</td>
<td>151,480</td>
<td>151,480</td>
<td>-</td>
</tr>
<tr>
<td>Total other financing uses</td>
<td>214,070</td>
<td>7,119</td>
<td>221,189</td>
<td>221,189</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenditures and Other Financing Uses</td>
<td>$ 40,505,363</td>
<td>$ 95,687</td>
<td>$ 40,601,050</td>
<td>$ 39,771,982</td>
<td>$ 829,068</td>
</tr>
</tbody>
</table>

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: 1,136,743
- Payment to refunded bond escrow: 8,919,993
- Issuance costs on bond refunding: 118,802

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV: $ 49,947,520
## TOWN OF EASTON, CONNECTICUT

### GENERAL FUND

### COMPARATIVE BALANCE SHEET

**JUNE 30, 2011 AND 2010**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 46,312</td>
<td>$ 589,724</td>
</tr>
<tr>
<td>Investments</td>
<td>7,010,417</td>
<td>7,344,643</td>
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<tr>
<td>Property taxes receivable</td>
<td>704,623</td>
<td>600,637</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>64,832</td>
<td>116,673</td>
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<tr>
<td>Intergovernmental receivable</td>
<td>186,955</td>
<td>195,135</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,043</td>
<td>1,043</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 8,013,139</td>
<td>$ 8,847,855</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES AND FUND BALANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 903,682</td>
<td>$ 867,967</td>
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<tr>
<td>Accrued liabilities</td>
<td>616,975</td>
<td>1,047,682</td>
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<tr>
<td>Due to Regional School District No. 9</td>
<td>617,810</td>
<td>711,373</td>
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<td>Due to other funds</td>
<td>1,291,511</td>
<td>1,291,707</td>
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<td>Deferred revenue</td>
<td>773,181</td>
<td>720,242</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>4,203,159</td>
<td>4,638,971</td>
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<td>Fund balance:</td>
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<tr>
<td>Assigned for subsequent year’s budget</td>
<td>303,000</td>
<td>352,000</td>
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<tr>
<td>Assigned for potential claims</td>
<td>140,000</td>
<td>140,000</td>
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<td>Assigned for debt service</td>
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<td>Unassigned</td>
<td>3,269,780</td>
<td>3,619,684</td>
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<td><strong>Total fund balance</strong></td>
<td>3,809,980</td>
<td>4,208,884</td>
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<tr>
<td><strong>Total Liabilities and Fund Balance</strong></td>
<td>$ 8,013,139</td>
<td>$ 8,847,855</td>
</tr>
</tbody>
</table>

50
## TOWN OF EASTON, CONNECTICUT
### REPORT OF TAX COLLECTOR
#### FOR THE YEAR ENDED JUNE 30, 2011

<table>
<thead>
<tr>
<th>Grand List Year</th>
<th>Uncollected Taxes July 1, 2010</th>
<th>Current Year Levy</th>
<th>Lawful Corrections</th>
<th>Transfers to Suspense</th>
<th>Adjusted Taxes Collectible</th>
<th>Collections Taxes</th>
<th>Interest and Liens</th>
<th>Total June 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$37,171,328</td>
<td>$17,393</td>
<td>$104,567</td>
<td>$370,84154</td>
<td>$36,632,127</td>
<td>$91,242</td>
<td>$36,723,369</td>
<td>$452,027</td>
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<td>2008</td>
<td>376,587</td>
<td>538</td>
<td>54,036</td>
<td>323,089</td>
<td>131,843</td>
<td>30,771</td>
<td>162,614</td>
<td>191,246</td>
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<tr>
<td>2007</td>
<td>154,847</td>
<td>155</td>
<td>43,210</td>
<td>102,056</td>
<td>44,924</td>
<td>28,645</td>
<td>73,569</td>
<td>57,132</td>
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<td>2006</td>
<td>73,875</td>
<td>239</td>
<td>41,797</td>
<td>32,317</td>
<td>1,133</td>
<td>17,934</td>
<td>19,067</td>
<td>31,184</td>
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<td>2005</td>
<td>27,258</td>
<td>113</td>
<td>113</td>
<td>27,258</td>
<td>16,000</td>
<td>12,666</td>
<td>28,666</td>
<td>11,258</td>
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<td>2004</td>
<td>6,991</td>
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<td>6,991</td>
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<tr>
<td>2003</td>
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<td>-</td>
<td>3,138</td>
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<td>2002</td>
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<td>2,460</td>
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<td>-</td>
<td>2,460</td>
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<tr>
<td>2001</td>
<td>4,174</td>
<td></td>
<td></td>
<td>4,174</td>
<td>-</td>
<td>-</td>
<td>4,174</td>
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<tr>
<td>2000</td>
<td>3,408</td>
<td></td>
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<td>3,408</td>
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<td>3,408</td>
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<td>1999</td>
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<td>5,192</td>
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<td>5,192</td>
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<td>1998</td>
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<td>3,177</td>
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<tr>
<td>1997</td>
<td>6,934</td>
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<td>6,934</td>
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<td>-</td>
<td>6,934</td>
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<tr>
<td>1996</td>
<td>10,732</td>
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<td>10,732</td>
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<td>-</td>
<td>10,732</td>
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<tr>
<td>1995</td>
<td>9,077</td>
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<tr>
<td>1994</td>
<td>6,493</td>
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<td>6,493</td>
<td>-</td>
<td>-</td>
<td>6,493</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$694,343</td>
<td>$37,171,328</td>
<td>$18,438</td>
<td>$243,723</td>
<td>$9,736</td>
<td>$36,826,027</td>
<td>$181,258</td>
<td>$37,007,285</td>
</tr>
</tbody>
</table>

Refunds adjustment (55,328)

Property taxes receivable considered available:
- June 30, 2010 (65,253)
- June 30, 2011 188,859

Property Tax Revenues $36,894,305
TOWN OF EASTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Education Grants</th>
<th>Easton Day</th>
<th>Police Grants</th>
<th>Police Loans</th>
<th>Senior Center</th>
<th>Agriculture Land Preservation</th>
<th>Cemetery Fund</th>
<th>Dog Fund</th>
<th>D.A.R.E.</th>
<th>Park and Recreation Activity Fund</th>
</tr>
</thead>
</table>

**ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>Education Grants</th>
<th>Easton Day</th>
<th>Police Grants</th>
<th>Police Loans</th>
<th>Senior Center</th>
<th>Agriculture Land Preservation</th>
<th>Cemetery Fund</th>
<th>Dog Fund</th>
<th>D.A.R.E.</th>
<th>Park and Recreation Activity Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 41,336</td>
<td>$ 4,552</td>
<td>$ 9,318</td>
<td>$ 119,305</td>
<td>$ 65,532</td>
<td>$ 21,872</td>
<td>$ 33,608</td>
<td>$ 46,103</td>
<td>$ 164,628</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from other funds</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 41,336</td>
<td>$ 4,552</td>
<td>$ 9,318</td>
<td>$ 119,305</td>
<td>$ -</td>
<td>$ 65,532</td>
<td>$ 21,872</td>
<td>$ 142,792</td>
<td>$ 46,103</td>
<td>$ 169,628</td>
</tr>
</tbody>
</table>

**LIABILITIES AND FUND BALANCES**

<table>
<thead>
<tr>
<th></th>
<th>Education Grants</th>
<th>Easton Day</th>
<th>Police Grants</th>
<th>Police Loans</th>
<th>Senior Center</th>
<th>Agriculture Land Preservation</th>
<th>Cemetery Fund</th>
<th>Dog Fund</th>
<th>D.A.R.E.</th>
<th>Park and Recreation Activity Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 16,838</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 30,014</td>
<td>$ 800</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>16,838</td>
<td>-</td>
<td>-</td>
<td>30,014</td>
<td>800</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Education Grants</th>
<th>Easton Day</th>
<th>Police Grants</th>
<th>Police Loans</th>
<th>Senior Center</th>
<th>Agriculture Land Preservation</th>
<th>Cemetery Fund</th>
<th>Dog Fund</th>
<th>D.A.R.E.</th>
<th>Park and Recreation Activity Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balances:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>24,498</td>
<td>9,318</td>
<td>89,291</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Committed</td>
<td></td>
<td>4,552</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unassigned</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total fund balance</td>
<td>24,498</td>
<td>9,318</td>
<td>89,291</td>
<td>(800)</td>
<td>65,532</td>
<td>21,872</td>
<td>141,872</td>
<td>45,999</td>
<td>164,372</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Education Grants</th>
<th>Easton Day</th>
<th>Police Grants</th>
<th>Police Loans</th>
<th>Senior Center</th>
<th>Agriculture Land Preservation</th>
<th>Cemetery Fund</th>
<th>Dog Fund</th>
<th>D.A.R.E.</th>
<th>Park and Recreation Activity Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Liabilities and Fund Balances</td>
<td>$ 41,336</td>
<td>$ 4,552</td>
<td>$ 9,318</td>
<td>$ 119,305</td>
<td>$ -</td>
<td>$ 65,532</td>
<td>$ 21,872</td>
<td>$ 142,792</td>
<td>$ 46,103</td>
<td>$ 169,628</td>
</tr>
</tbody>
</table>

(Continued on next page)
## Special Revenue Funds

<table>
<thead>
<tr>
<th>Solid Waste Program</th>
<th>Library</th>
<th>Open Space</th>
<th>EMS Special Services</th>
<th>Police Asset</th>
<th>Records Preservation</th>
<th>Paine Barn Fund</th>
<th>Social Service</th>
<th>Town Hall Grants</th>
<th>Senior Center Leasing</th>
<th>Buyout</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

### ASSETS

- **Cash**: $161,417
- **Investments**: $837,161
- **Accounts receivable**: 46,832
- **Due from other funds**: 9,810

Total Assets: $937,161

### LIABILITIES AND FUND BALANCES

#### Liabilities:

- **Accounts payable**: $67,422
- **Total liabilities**: $67,422

#### Fund Balances:

- **Restricted**:
  - Committed: $998,578, 779,555, 59,026, 178,442, 12,599, 6,568, 36,349, 513
- **Unassigned**: (20,590), 998,578, 779,555, 59,026, 178,442, 12,599, 6,568, 36,349, 513

Total fund balance: (20,590), 998,578, 779,555, 59,026, 178,442, 12,599, 6,568, 36,349, 513

Total Liabilities and Fund Balances: $46,832, 998,578, 779,555, 60,776, 178,527, 12,599, 7,891, 36,703, 513

(Continued on next page)
## TOWN OF EASTON, CONNECTICUT

### NONMAJOR GOVERNMENTAL FUNDS  
**COMBINING BALANCE SHEET (CONTINUED)**

### JUNE 30, 2011

#### Capital Projects Fund

<table>
<thead>
<tr>
<th>Town Clerk</th>
<th>Capital Nonrecurring</th>
<th>Total Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clerk</td>
<td>$2,878,074</td>
<td>$740,249</td>
</tr>
<tr>
<td>Senior</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9/11</td>
<td>$3,618,323</td>
<td>$3,618,323</td>
</tr>
<tr>
<td>Marion</td>
<td>$1,827,956</td>
<td>$91,969</td>
</tr>
<tr>
<td>Penn</td>
<td>$78,300</td>
<td>$740,249</td>
</tr>
<tr>
<td>Fund</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td>$204,665</td>
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#### Special Revenue Funds

<table>
<thead>
<tr>
<th>Special Revenue Funds</th>
<th>Capital Projects Fund</th>
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<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>Capital</strong></td>
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<tr>
<td>Town</td>
<td>Projects Fund</td>
</tr>
<tr>
<td>Clerk</td>
<td>Nonrecurring Fund</td>
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<tr>
<td>Community</td>
<td>Total Nonmajor</td>
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<tr>
<td>Land Acquisition</td>
<td>Governmental Funds</td>
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<tr>
<td>Senior</td>
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<tr>
<td>Center</td>
<td></td>
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<tr>
<td>Van</td>
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</tr>
<tr>
<td>9/11</td>
<td></td>
</tr>
<tr>
<td>Memorial</td>
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</tr>
<tr>
<td>Fund</td>
<td></td>
</tr>
<tr>
<td>Marion</td>
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<tr>
<td>Penn</td>
<td></td>
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<tr>
<td>Fund</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
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</table>

#### ASSETS

<table>
<thead>
<tr>
<th>ASSETS</th>
<th><strong>Cash</strong></th>
<th><strong>Investments</strong></th>
<th><strong>Accounts receivable</strong></th>
<th><strong>Due from other funds</strong></th>
<th><strong>Total</strong></th>
</tr>
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<tbody>
<tr>
<td></td>
<td>$31,169</td>
<td>$12,630</td>
<td>$7,338</td>
<td>$37,394</td>
<td>$1,827,956</td>
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<td>837,161</td>
<td>105,450</td>
<td>112,957</td>
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<td>942,611</td>
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<td>47,131</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,827,956</td>
<td>91,969</td>
<td>155,787</td>
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<td>1,919,925</td>
</tr>
<tr>
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<td>600,000</td>
<td>100,000</td>
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#### LIABILITIES AND FUND BALANCES

<table>
<thead>
<tr>
<th>Liabilities</th>
<th><strong>Accounts payable</strong></th>
<th><strong>Total liabilities</strong></th>
<th><strong>Total</strong></th>
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<tbody>
<tr>
<td>Accounts payable</td>
<td>$43,894</td>
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<td>$176,189</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>43,894</td>
<td>2,612</td>
<td>176,189</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Balances</th>
<th><strong>Restricted</strong></th>
<th><strong>Committed</strong></th>
<th><strong>Unassigned</strong></th>
<th><strong>Total fund balance</strong></th>
<th><strong>Total Liabilities and Fund Balances</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Restricted</strong></td>
<td>34,406</td>
<td></td>
<td></td>
<td></td>
<td>$78,300</td>
</tr>
<tr>
<td><strong>Committed</strong></td>
<td>12,630</td>
<td>7,338</td>
<td>(2,612)</td>
<td>(2,612)</td>
<td>$2,878,074</td>
</tr>
<tr>
<td><strong>Unassigned</strong></td>
<td>37,394</td>
<td>2,573,191</td>
<td>(28,819)</td>
<td>2,701,885</td>
<td>$740,249</td>
</tr>
<tr>
<td><strong>Total fund balance</strong></td>
<td>(2,612)</td>
<td>711,773</td>
<td>(28,819)</td>
<td>711,773</td>
<td>3,413,658</td>
</tr>
<tr>
<td><strong>Total Liabilities and Fund Balances</strong></td>
<td>$78,300</td>
<td>$12,630</td>
<td>$7,338</td>
<td>$37,394</td>
<td>$3,618,323</td>
</tr>
</tbody>
</table>
## TOWN OF EASTON, CONNECTICUT

**NONMAJOR GOVERNMENTAL FUNDS**

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

**FOR THE YEAR ENDED JUNE 30, 2011**

### Special Revenue Funds

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>Education Grants</th>
<th>Easton Day</th>
<th>Police Donations</th>
<th>Police Grants</th>
<th>Senior Center</th>
<th>Agriculture Land Preservation</th>
<th>Cemetery Fund</th>
<th>Dog Fund</th>
<th>D.A.R.E. Fund</th>
<th>Park and Recreation Activity Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intergovernmental</td>
<td>$347,660</td>
<td>$36,194</td>
<td>$92,523</td>
<td>$162</td>
<td>$250</td>
<td>$474</td>
<td>$5,384</td>
<td>$21,609</td>
<td>$7,597</td>
<td>$243,350</td>
</tr>
<tr>
<td>Charges for services</td>
<td>$92,523</td>
<td>$312</td>
<td>$5,321</td>
<td>$7,597</td>
<td>$243,350</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>$162</td>
<td>$5,321</td>
<td>$7,597</td>
<td>$243,350</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$250</td>
<td>$5,321</td>
<td>$7,597</td>
<td>$243,350</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>$347,660</td>
<td>$36,194</td>
<td>$92,523</td>
<td>$474</td>
<td>$243,350</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures:</th>
<th>Education Grants</th>
<th>Easton Day</th>
<th>Police Donations</th>
<th>Police Grants</th>
<th>Senior Center</th>
<th>Agriculture Land Preservation</th>
<th>Cemetery Fund</th>
<th>Dog Fund</th>
<th>D.A.R.E. Fund</th>
<th>Park and Recreation Activity Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td>$104,294</td>
<td>$27,792</td>
<td>$5,500</td>
<td>$58,767</td>
<td>$5,476</td>
<td>$217,329</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public safety</td>
<td>$27,792</td>
<td>$58,767</td>
<td>$5,476</td>
<td>$217,329</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public works</td>
<td>$335,334</td>
<td>$58,767</td>
<td>$5,476</td>
<td>$217,329</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health and welfare</td>
<td>$27,792</td>
<td>$58,767</td>
<td>$5,476</td>
<td>$217,329</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>$335,334</td>
<td>$58,767</td>
<td>$5,476</td>
<td>$217,329</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>$335,334</td>
<td>$58,767</td>
<td>$5,476</td>
<td>$217,329</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parks and recreation</td>
<td>$217,329</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital outlay</td>
<td>$217,329</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenditures</td>
<td>$335,334</td>
<td>$27,792</td>
<td>$5,500</td>
<td>$217,329</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Excess (Deficiency) of Revenues Over Expenditures</th>
<th>$12,326</th>
<th>$8,402</th>
<th>$474</th>
<th>$25,432</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Financing Sources (Uses):</td>
<td>$12,326</td>
<td>$(11,771)</td>
<td>$(116)</td>
<td>$(37,158)</td>
</tr>
<tr>
<td>Transfers out</td>
<td>$12,326</td>
<td>$(11,771)</td>
<td>$(116)</td>
<td>$(37,158)</td>
</tr>
<tr>
<td>Transfers in</td>
<td>$12,326</td>
<td>$(11,771)</td>
<td>$(116)</td>
<td>$(37,158)</td>
</tr>
<tr>
<td>Net other financing sources (uses)</td>
<td>$12,326</td>
<td>$(11,771)</td>
<td>$(116)</td>
<td>$(37,158)</td>
</tr>
</tbody>
</table>

| Net Change in Fund Balances | $12,326 | $(11,771) | $(116) | $(37,158) |

<table>
<thead>
<tr>
<th>Fund Balances - Beginning of Year</th>
<th>$12,172</th>
<th>4,552</th>
<th>9,068</th>
<th>80,889</th>
<th>10,971</th>
<th>10,971</th>
<th>10,971</th>
<th>10,971</th>
<th>10,971</th>
<th>10,971</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balances - End of Year</td>
<td>$24,498</td>
<td>4,552</td>
<td>9,318</td>
<td>89,291</td>
<td>10,971</td>
<td>55,323</td>
<td>21,872</td>
<td>141,872</td>
<td>45,999</td>
<td>164,372</td>
</tr>
</tbody>
</table>

(Continued on next page)
TOWN OF EASTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

<table>
<thead>
<tr>
<th>Special Revenue Funds</th>
<th>Solid Waste Program</th>
<th>Library</th>
<th>Open Space</th>
<th>EMS Special Services</th>
<th>Police Asset</th>
<th>Records Preservation</th>
<th>Paine Barn Fund</th>
<th>Social Service Grants</th>
<th>Senior Center Leasing</th>
<th>Senior Center Buyout</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Intergovernmental</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Charges for services</td>
<td>300,051</td>
<td>55,092</td>
<td>21,250</td>
<td>95,705</td>
<td>59,026</td>
<td>6,568</td>
<td>513</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>46,786</td>
<td>2,319</td>
<td>952</td>
<td>569</td>
<td>20</td>
<td>2,365</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>300,051</td>
<td>101,878</td>
<td>23,569</td>
<td>95,705</td>
<td>1,521</td>
<td>20</td>
<td>2,365</td>
<td>10,844</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditures:</td>
<td></td>
<td></td>
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<tr>
<td>Current:</td>
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<tr>
<td>General government</td>
<td></td>
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<tr>
<td>Public safety</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public works</td>
<td>277,769</td>
<td></td>
<td>25,847</td>
<td>1,628</td>
<td>105</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health and welfare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parks and recreation</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital outlay</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenditures</td>
<td>277,769</td>
<td>27,488</td>
<td>-</td>
<td>25,847</td>
<td>18,215</td>
<td>(6,388)</td>
<td>1,323</td>
<td>5,455</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues Over Expenditures</td>
<td>22,282</td>
<td>74,390</td>
<td>23,569</td>
<td>69,858</td>
<td>(16,694)</td>
<td>6,388</td>
<td>(1,303)</td>
<td>737</td>
<td>5,389</td>
<td></td>
</tr>
<tr>
<td>Other Financing Sources (Uses):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net other financing sources (uses)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Change in Fund Balances</td>
<td>22,282</td>
<td>74,390</td>
<td>23,569</td>
<td>(25,142)</td>
<td>(16,694)</td>
<td>6,388</td>
<td>(1,303)</td>
<td>737</td>
<td>5,389</td>
<td></td>
</tr>
<tr>
<td>Fund Balances - Beginning of Year</td>
<td>(42,872)</td>
<td>924,188</td>
<td>755,986</td>
<td>84,168</td>
<td>195,136</td>
<td>6,211</td>
<td>7,871</td>
<td>35,612</td>
<td>(4,876)</td>
<td>(4,817)</td>
</tr>
<tr>
<td>Fund Balances - End of Year</td>
<td>$ (20,590)</td>
<td>$ 998,578</td>
<td>$ 779,555</td>
<td>$ 59,026</td>
<td>$ 178,442</td>
<td>$ 12,599</td>
<td>$ 6,568</td>
<td>$ 36,349</td>
<td>$ 513</td>
<td>$ (4,817)</td>
</tr>
</tbody>
</table>

(Continued on next page)
## TOWN OF EASTON, CONNECTICUT
### NONMAJOR GOVERNMENTAL FUNDS
### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
### FOR THE YEAR ENDED JUNE 30, 2011

<table>
<thead>
<tr>
<th>Special Revenue Funds</th>
<th>Capital Projects Fund</th>
<th>Total Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clerk Senior 9/11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clerk Community Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Acquisition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Center Van</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9/11 Memorial Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marion Penn Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>Capital Projects Fund</th>
<th>Total Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intergovernmental $47,131</td>
<td></td>
<td>$463,079 $60,440 $523,519</td>
</tr>
<tr>
<td>Charges for services 1,572</td>
<td></td>
<td>20,757 822,108 822,108</td>
</tr>
<tr>
<td>Investment income 1,422</td>
<td></td>
<td>38,533 51,341 147 51,488</td>
</tr>
<tr>
<td>Contributions 1,422</td>
<td></td>
<td>147 51,488</td>
</tr>
<tr>
<td>Total revenues 47,131</td>
<td></td>
<td>20,757 38,533 27,600 1,428,009 60,587 1,488,596</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures:</th>
<th>Capital Projects Fund</th>
<th>Total Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government 47,131</td>
<td></td>
<td>179,015 179,015</td>
</tr>
<tr>
<td>Public safety 21,805</td>
<td></td>
<td>110,250 110,250</td>
</tr>
<tr>
<td>Public works 277,769</td>
<td></td>
<td>277,769</td>
</tr>
<tr>
<td>Health and welfare 27,276</td>
<td></td>
<td>54,856 54,856</td>
</tr>
<tr>
<td>Education 335,334</td>
<td></td>
<td>335,334</td>
</tr>
<tr>
<td>Library 27,488</td>
<td></td>
<td>27,488</td>
</tr>
<tr>
<td>Parks and recreation 217,329</td>
<td></td>
<td>217,329</td>
</tr>
<tr>
<td>Capital outlay 2,264</td>
<td></td>
<td>2,264 499,162 501,426</td>
</tr>
<tr>
<td>Total expenditures 47,131</td>
<td></td>
<td>21,805 2,264 27,276 1,204,305 499,162 1,703,467</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Excess (Deficiency) of Revenues Over Expenditures</th>
<th>Capital Projects Fund</th>
<th>Total Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures - (1,572)</td>
<td></td>
<td>- 1,048 36,269 324 223,704 1,054,000 1,277,704</td>
</tr>
<tr>
<td>Other Financing Sources (Uses):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers out (103,366)</td>
<td></td>
<td>(103,366)</td>
</tr>
<tr>
<td>Transfers in 69,709</td>
<td></td>
<td>151,480 221,189</td>
</tr>
<tr>
<td>Net other financing sources (uses) - - - - - - - - (36,057)</td>
<td></td>
<td>1,205,480 1,171,423</td>
</tr>
<tr>
<td>Net Change in Fund Balances - 6,071</td>
<td></td>
<td>36,269 324 190,047 766,905 956,952</td>
</tr>
<tr>
<td>Fund Balances - Beginning of Year 34,406</td>
<td></td>
<td>34,406</td>
</tr>
<tr>
<td>Fund Balances - End of Year 34,406</td>
<td></td>
<td>34,406</td>
</tr>
</tbody>
</table>

EXHIBIT B-2
# Combining Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Balance July 1, 2010</th>
<th>Additions</th>
<th>Deductions</th>
<th>Balance June 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance and road bonds</td>
<td>$1,266,025</td>
<td>$142,429</td>
<td>$1,123,596</td>
<td></td>
</tr>
<tr>
<td>Student activity</td>
<td>27,008</td>
<td>168,299</td>
<td>148,208</td>
<td>47,099</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$1,293,033</td>
<td>$168,299</td>
<td>$290,637</td>
<td>$1,170,695</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
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</tr>
<tr>
<td>Accounts payable:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance and road bonds</td>
<td>$1,266,025</td>
<td>$142,429</td>
<td>$1,123,596</td>
<td></td>
</tr>
<tr>
<td>Student activity</td>
<td>27,008</td>
<td>168,299</td>
<td>148,208</td>
<td>47,099</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$1,293,033</td>
<td>$168,299</td>
<td>$290,637</td>
<td>$1,170,695</td>
</tr>
</tbody>
</table>
TOWN OF EASTON, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

FOR THE YEAR ENDED JUNE 30, 2011

Total Tax Collections (including interest and lien fees):
For the year ended June 30, 2011:
Town of Easton $ 37,007,285

Reimbursement for Revenue Loss:
Tax relief for elderly freeze 37,360

Base for Debt Limitation Computation $ 37,044,645

<table>
<thead>
<tr>
<th>General Purpose</th>
<th>Schools</th>
<th>Sewers</th>
<th>Urban Renewal</th>
<th>Pension Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Limitation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 1/4 times base</td>
<td>$ 83,350,451</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>4 1/2 times base</td>
<td>166,700,903</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 3/4 times base</td>
<td></td>
<td>138,917,419</td>
<td></td>
<td>120,395,096</td>
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<td>3 1/4 times base</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total debt limitation</td>
<td>83,350,451</td>
<td>166,700,903</td>
<td>138,917,419</td>
<td>120,395,096</td>
</tr>
</tbody>
</table>

Indebtedness:
Bonds payable 6,107,000 22,522,000 326,000
Bonds anticipation notes payable 6,150,000 2,350,000
Authorized, unissued debt 208,805 23,059
Easton portion of Regional School District No. 9 bonds, net of school building grants 10,073,635
School building grants | | | (20,135) |
Net indebtedness 12,465,805 34,948,559 326,000 - -

Debt Limitation in Excess of Indebtedness $ 70,884,646 131,752,344 138,591,419 $ 120,395,096 $ 111,133,935

The total of the above net indebtedness amounts to: $ 47,740,364

In no event shall total indebtedness exceed $259,312,515 or seven times the base for debt limitation computation.