

**Board of Finance
Regular Meetings**

January 21, 2014
(Tuesday)

February 18, 2014
(Tuesday)

March 17, 2014

April 21, 2014

May 19, 2014
7:30

June 16, 2014
7:30

July 21, 2014
7:30

August 18, 2014
7:30

September 15, 2014

October 20, 2014

November 17, 2014

December 15, 2014

**TOWN OF EAST HAMPTON
EAST HAMPTON, CT 06424**

**BOARD OF FINANCE
SPECIAL MEETING
Thursday, January 23, 2014
7:15 PM**

Location: Town Hall Meeting Room

1. Call to Order
2. Pledge of Allegiance
3. Planned executive session to discuss union contract negotiating strategy
4. Approval of Minutes of Meeting(s) *
 - a) December 16, 2013 – Regular meeting
5. Public Remarks
6. Financial Transactions
7. Correspondence
8. Special presentations
9. Status Reports (Financial)
10. Continued Business *
 - a) High School Renovation project update
 - b) Capital Policy
 - c) Fines/Penalties
 - d) Liaison clarification
 - e) FY 2014-2015 Budget
 - f) Special Revenue Funds
11. New Business *
 - a) Additional MIRMA Assessment
 - b) Purchasing ordinance
 - c) 2012-2013 Audit
 - d) 5 Niles Street transfer of property
12. Liaison's Reports
 - a) Town Council
 - b) Board of Education
 - c) WPCA
 - d) Economic Development Commission
 - e) Lake / Conservation
 - f) Fire Commissioners
 - g) Brownfields/Redevelopment
 - h) Park & Rec. Advisory Board
13. Public Remarks
14. Town Manager's Report
15. Adjournment

* - Potential action item

TOWN OF EAST HAMPTON
 GENERAL FUND REVENUES
 AS OF DECEMBER 31, 2013
FY 2013-2014

Agenda Item: 6A

	Original Estimate	Adjustments	Revised Estimate	Actual YTD Revenue	% Collected
40 Property taxes	30,223,054	-	30,223,054	18,792,671	62.18%
41 Investment income	32,000	-	32,000	7,489	23.40%
42 License, permit & fees	382,980	-	382,980	274,636	71.71%
43 Federal Grants	-	-	-	-	
44 STATE & LOCAL GRANTS *	8,492,254	-	8,492,254	2,419,258	28.49%
45 Local gov. payments	11,800	-	11,800	12	0.10%
47 Other revenue	95,887	-	95,887	44,758	46.68%
48 Oper. Transfers In	-	-	-		0.00%
49 Other Fin. Sources	-	260,000	260,000	-	0.00%
TOTAL GENERAL FUND	39,237,975	260,000	39,497,975	21,538,824	54.53%

Forecasted variance..... (72,000)

Estimated revenues..... \$ 39,425,975

TOWN OF EAST HAMPTON
GENERAL FUND EXPENDITURES
As of December 31, 2013
FY 2013-2014

Agenda Item: 6B

Department	Original Budget	Revised Budget	YTD Expended /	
			Encumbered	Available Budget
Town Manager's Department	\$ 319,684	\$ 319,684	\$ 154,349	\$ 165,335
Town Council/Special Programs	24,957	24,957	13,686	11,271
Facilities Administrator	96,963	96,963	314	96,649
LEGAL FEES	150,000	150,000	84,100	65,900
Town Hall/Annex	266,717	266,717	158,210	108,507
Finance and Accounting	416,805	416,805	208,931	207,874
Collector of Revenue	161,690	161,690	73,387	88,303
Assessor	177,801	177,801	80,168	97,633
Board of Assessment Appeal	1,282	1,282	65	1,217
Town Clerk	175,663	175,663	94,399	81,264
Registrars/Elections	44,633	44,633	18,175	26,458
General Insurance	282,300	282,300	250,967	31,333
Probate Court	13,957	13,957	6,979	6,978
Employee Benefits	1,467,820	1,467,820	564,409	903,411
Contingency	65,000	65,000	-	65,000
Information Technology	72,402	72,402	45,719	26,683
Police Administration	285,521	285,521	130,331	155,190
Regular Patrol	1,343,333	1,343,333	559,073	784,260
Lake Patrol	3,706	3,706	2,612	1,094
Animal Control	39,556	39,556	21,457	18,099
Firefighting	277,818	277,818	113,628	164,190
Fire Marshall	46,455	46,455	20,876	25,579
Town Center Fire System	14,150	14,150	1,766	12,384
Ambulance	6,910	6,910	1,119	5,791
Civil Preparedness	16,200	16,200	2,238	13,962
Communications	121,158	121,158	120,345	813
Street Lighting	59,000	59,000	23,286	35,714
Health Department	110,407	110,407	110,407	-
Human Services	110,993	110,993	53,092	57,901
Senior Center	108,244	108,244	45,680	62,564
Transportation	54,100	54,100	52,600	1,500
Community Services	4,500	4,500	4,650	(150)
Cemetery Care	5,000	5,000	4,316	684
Building, Planning & Zonin	332,218	332,218	153,756	178,462
Econ. Development Commissi	10,827	10,827	2,239	8,588
Conservation & Lake Commission	20,682	20,682	699	19,983
Redevelopment Agency	3,167	3,167	309	2,858
Middle Haddam Historic District	1,770	1,770	381	1,389
Public Works Admin.	1,265,670	1,265,670	453,502	812,168
Engineering	60,000	60,000	8,052	51,948
Town Garage	59,731	59,731	20,287	39,444
Townwide motor fuel	187,880	187,880	176,681	11,199
Road Materials	325,500	325,500	222,495	103,005
Transfer Station	134,823	134,823	48,469	86,354
Septage Disposal	2,400	2,400	2,232	168
Park & Recreation	371,516	371,516	173,244	198,272
Arts & Cultural Commission	2,350	2,350	224	2,126

TOWN OF EAST HAMPTON
GENERAL FUND EXPENDITURES
As of December 31, 2013
FY 2013-2014

Agenda Item: 6B

Department	Original Budget	Revised Budget	YTD Expended /	
			Encumbered	Available Budget
Community Center	158,637	158,637	55,140	103,497
E Hampton Public Library	433,023	433,023	178,829	254,194
Middle Haddam Library	20,000	20,000	20,000	-
General Obligation Bonds-Prin.	510,000	510,000	285,000	225,000
School Bonds-Prin.	325,000	325,000	325,000	-
General Obligation Bonds-Int.	223,657	223,657	85,984	137,673
School Bonds-Int.	43,620	43,620	13,060	30,560
Operating Transfers Out	869,916	1,129,916	-	1,129,916
TOTAL	\$ 11,707,112	\$ 11,967,112	\$ 5,246,917	\$ 6,720,195
Board of Education	\$ 27,530,863	\$ 27,530,863	13,486,559	\$ 14,044,304
TOTAL	\$ 39,237,975	\$ 39,497,975	\$ 18,733,476	\$ 20,764,499



Quarterly Report, East Hampton High School Renovation
State Project No. 042-0041 EA/RR
Period Ending December 31, 2013

To: Town Council
From: Building committee
Re: EHHS Quarterly Report No. 3

Dear Chair and Members,

October:

Pursuant to the approved schematic design schedule the architect (The SLAM Collaborative) began programming meetings with the Board of Education administration and the High School staff. Programming meetings began with site visits to two schools, one in Hartford and one in Waterbury. After the site visits, the team began meeting with the department heads to discuss their vision of what their ideal space would be discussing issues such as; proximity, adjacencies, teaching style and technology. As programming moved forward the SLAM Collaborative updated the building committee with their progress. In addition to the progress updates relative to the staff meetings, SLAM also began investigating alternatives for the mechanical systems. At the October 17th building committee meeting SLAM's mechanical/electrical & plumbing consultant made a presentation on (3) different systems identifying the strengths and weaknesses of each. At the end of the meeting the building committee narrowed it down to (2) systems to be further vetted.

November:

November began wrapping up the interviews with the department heads and presenting the proposed floor plan to the entire high school staff. After the meeting with the staff some minor adjustments were made and the floor plan was then presented to the building committee at our November 7th meeting. The committee was happy with the floor plan and as a result Downes Construction will complete their schematic design estimate based on this floor plan. The Building Committee requested that Downes provide a cost for the (2) mechanical systems most liked by the committee. In addition, the building committee approved SLAM to conduct a Geo-Thermal Test Bore in order to more closely estimate the cost of a geo-thermal heating and cooling system. Since the team will be busy compiling the schematic design estimate there was only one building committee meeting scheduled in the month of November.

Welcome news from the State; the Board of Education received a letter informing them that the project will be on the State's priority list as a category B project.

December:

December began with the presentation of the schematic design, the schematic design estimate, the results of the geo-thermal test bore, and a follow-up on the relative costs of the mechanical systems (VRV vs. Chill Beam) at the December 11th Building Committee meeting. Prior to the meeting it was decided that the items presented would not be voted on until the December 19th Building Committee meeting due to time constraints.

CREC, acting in their capacity as the Owner's Representative for the project, received a letter from the State, through the Board of Education, in which the State requested additional information (assumptions) regarding the enrollment projections included in the grant application. While in their attempt to collect this information, CREC was notified by NESDEC, who provided the enrollment projections, that there was a discrepancy in the October 1, 2012 enrollment data reported by East Hampton's Board of Education. As a result, CREC notified East Hampton's Board of Education and the chair and co-chair of the Building Committee. It was the recommendation to the Building Committee that the vote to accept the schematic design and schematic design estimate be postponed until further information regarding the enrollment could be obtained.

Budget:

Please see attached the Project budget month ending December 31, 2013.

EAST HAMPTON HIGH SCHOOL RENOVATION

15 North Maple Street
 East Hampton, CT
 STATE PROJECT #042-0041 EA/RR
 Month Ending December 31, 2013



Ref	Project Budget	Budget	Budget Adjustments	Revised Budget	Paid-to-Date	To be Paid	Variance from Revised Budget
	a	b	c	d	e	c-(d+e)	
1	\$ 2,691,000	\$ (101,000)	\$ 2,590,000	\$ 38,258	\$ 2,551,742	\$ -	
2	\$ 1,750,000	\$ (255,032)	\$ 1,494,968	\$ 84,755	\$ 1,410,213	\$ -	
2a	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	
2b	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ 25,000	\$ -	
2c	\$ 50,000	\$ -	\$ 50,000	\$ 4,680	\$ 45,320	\$ -	
2d	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	
2e	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ 40,000	\$ -	
2f	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ -	
2g	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ 25,000	\$ -	
2h	\$ 25,000	\$ (25,000)	\$ -	\$ -	\$ -	\$ -	
2i	\$ 15,000	\$ (15,000)	\$ -	\$ -	\$ -	\$ -	
2j	\$ 125,000	\$ (50,000)	\$ 75,000	\$ -	\$ 75,000	\$ -	
2k	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ -	
2l	\$ 125,000	\$ (38,600)	\$ 86,400	\$ -	\$ 86,400	\$ -	
2m	\$ 15,000	\$ -	\$ 15,000	\$ 241	\$ 14,759	\$ -	
2n	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ -	
2o	\$ 380,000	\$ -	\$ 380,000	\$ -	\$ 380,000	\$ -	
2p	\$ 125,000	\$ -	\$ 125,000	\$ -	\$ 125,000	\$ -	
2q	\$ 58,520	\$ -	\$ 58,520	\$ -	\$ 58,520	\$ -	
2r	\$ 16,200	\$ -	\$ 16,200	\$ -	\$ 16,200	\$ -	
2s	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ 25,000	\$ -	
2t	\$ 125,000	\$ -	\$ 125,000	\$ -	\$ 125,000	\$ -	
2u	\$ 3,114,720	\$ (383,632)	\$ 2,731,088	\$ 89,676	\$ 2,641,412	\$ -	
2	\$ 41,400,000	\$ -	\$ 41,400,000	\$ -	\$ 41,400,000	\$ -	
3	\$ 2,026,500	\$ -	\$ 2,026,500	\$ -	\$ 2,026,500	\$ -	
4	\$ 2,462,780	\$ 484,632	\$ 2,947,412	\$ -	\$ 2,947,412	\$ -	
5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Totals	\$ 51,695,000	\$ -	\$ 51,695,000	\$ 127,934	\$ 51,567,066	\$ -	

Contingency Impact from Budget Adjustments \$ 484,632

Ref	Company	Type	Amount	Status	Notes
	Architectural Design - SLAM	Budget	\$ 2,691,000		
	Architectural Design - SLAM	Budget Adjustments	\$ 15,000	Approved	Survey to Arch.
	Architectural Design - SLAM	Budget Adjustments	\$ 25,000	Approved	Geo-Tech to Arch
	Architectural Design - SLAM	Budget Adjustments	\$ 50,000	Approved	PCB's to Arch
	Architectural Design - SLAM	Budget Adjustments	\$ (191,000)	Approved	Arch Proposed Fee
1	Architectural Design - SLAM Total		\$ 2,590,000		

<u>Ref</u>	<u>Company</u>	<u>Type</u>	<u>Amount</u>	<u>Status</u>	<u>Notes</u>
	Project Management (CREC)	Budget	\$ 1,750,000		
	Project Management (CREC)	Budget Adjustments	\$ (255,032)	Approved	Proposed Fee
2a	Project Management (CREC) Total		\$ 1,494,968		
	Plan Approval Fees	Budget	\$ 15,000		
	Plan Approval Fees	Budget Adjustments	\$ 15,000		
2b	Plan Approval Fees Total				
	Special Inspections	Budget	\$ 25,000		
	Special Inspections	Budget Adjustments	\$ 25,000		
2c	Special Inspections Total				
	Peer Review Consultant	Budget	\$ 15,000		
	Peer Review Consultant	Budget Adjustments	\$ 15,000		
2d	Peer Review Consultant Total				
	Legal Fees	Budget	\$ 50,000		
	Legal Fees	Budget Adjustments	\$ 50,000		
2f	Legal Fees Total				
	Redicheck	Budget	\$ 40,000		
	Redicheck	Budget Adjustments	\$ 40,000		
2f	Redicheck Total				
	Advertising / Legal Notices	Budget	\$ 10,000		
	Advertising / Legal Notices	Budget Adjustments	\$ 10,000		
2g	Advertising / Legal Notices Total				
	Bid Document Reproduction	Budget	\$ 25,000		
	Bid Document Reproduction	Budget Adjustments	\$ 25,000		
2h	Bid Document Reproduction Total				
	Geotechnical Services	Budget	\$ 25,000		
	Geotechnical Services	Budget Adjustments	\$ (25,000)	Approved	Moved to Arch
2i	Geotechnical Services Total		\$ -		
	Land Survey	Budget	\$ 15,000		
	Land Survey	Budget Adjustments	\$ (15,000)	Approved	Moved to Arch
2j	Land Survey Total		\$ -		
	Environmental Consultant	Budget	\$ 125,000		
	Environmental Consultant	Budget Adjustments	\$ (50,000)	Approved	Moved to Arch
2k	Environmental Consultant Total		\$ 75,000		
	Testing / Inspections	Budget	\$ 50,000		
	Testing / Inspections	Budget Adjustments	\$ 50,000		
2l	Testing / Inspections Total				
	Commissioning	Budget	\$ 125,000		
	Commissioning	Budget Adjustments	\$ (38,600)	Approved	Proposed Fee
2m	Commissioning Total		\$ 86,400		

<u>Ref</u>	<u>Company</u>	<u>Type</u>	<u>Amount</u>	<u>Status</u>	<u>Notes</u>
	Municipal / Admin Fees	Budget	\$ 15,000		
	Municipal / Admin Fees	Budget Adjustments			
2n	Municipal / Admin Fees Total		\$ 15,000		
	Financial /Auditing	Budget	\$ 50,000		
	Financial /Auditing	Budget Adjustments			
2o	Financial /Auditing Total		\$ 50,000		
	Bond Origination Fees	Budget	\$ 50,000		
	Bond Origination Fees	Budget Adjustments			
2p	Bond Origination Fees Total		\$ 50,000		
	Bond Interest Fees	Budget	\$ 380,000		
	Bond Interest Fees	Budget Adjustments			
2q	Bond Interest Fees Total		\$ 380,000		
	Insurance/Builders Risk	Budget	\$ 125,000		
	Insurance/Builders Risk	Budget Adjustments			
2r	Insurance/Builders Risk Total		\$ 125,000		
	Pre Construction Fees	Budget	\$ 58,520		
	Pre Construction Fees	Budget Adjustments			
2s	Pre Construction Fees Total		\$ 58,520		
	Pre Referendum Fees	Budget	\$ 16,200		
	Pre Referendum Fees	Budget Adjustments			
2t	Pre Referendum Fees Total		\$ 16,200		
	Other Professional Fees	Budget	\$ 25,000		
	Other Professional Fees	Budget Adjustments			
2u	Other Professional Fees Total		\$ 25,000		
	Move Management Costs	Budget	\$ 125,000		
	Move Management Costs	Budget Adjustments			
2v	Move Management Costs Total		\$ 125,000		
	Construction Manager GMP - Downes	Budget	\$ 41,400,000		
	Construction Manager GMP - Downes	Budget Adjustments			
3	Construction Manager GMP - Downes Total		\$ 41,400,000		
	Furniture, Fixtures, and Equipment	Budget	\$ 2,026,500		
	Furniture, Fixtures, and Equipment	Budget Adjustments			
4	Furniture, Fixtures, and Equipment Total		\$ 2,026,500		
	Owner Contingency	Budget	\$ 2,461,611		
	Owner Contingency	Budget Adjustments	\$ 191,000	Approved	Adjusted Budget/Contract Amount
	Owner Contingency	Budget Adjustments	\$ 255,032	Approved	Adjusted Budget/Contract Amount
	Owner Contingency	Budget Adjustments	\$ 38,600	Approved	Adjusted Budget/Contract Amount
5	Owner Contingency Total		\$ 2,946,243		

Purpose

In recognition that buildings, infrastructure, and major equipment are the physical foundation for providing services to the residents of the Town of EAST HAMPTON, a multi-year Capital Improvement Program (CIP) is prepared and reviewed annually. The purpose of the CIP is to budget for the acquisition, replacement or renovation of major capital/fixed assets. These items are generally not of a recurring nature and not included in the regular operating budget process. Careful planning during this process is critical to the procurement, construction, and maintenance of capital assets to meet the needs and activities of the Town. The General Fund, through the annual operating budget, is the primary funding source for the CIP and therefore plays an integral role in the development of the program. Proper planning and funding will mitigate budget fluctuations year over year.

A comprehensive capital plan will help ensure the future financial discipline and funding stability of the Town and systematically provide efficient delivery of public services to citizens and businesses.

Capital/Fixed Assets are categorized as follows:

- Land
- Land Improvements
- Buildings and Improvements
- Machinery and Equipment
- Infrastructure

The following Capital/Fixed Asset items are to be included in the Town's annual operating budget:

- Fixed assets that cost less than \$10,000
- Fixed assets that are of a recurring nature and acquired each year

Definitions

1. The **Capital improvement program** is defined as a plan for capital expenditures over a multi-year period to meet identified improvements in [capital assets](#)~~the infrastructure~~.
2. The **Capital Budget** is the first year of a five year plan for capital expenditures to be incurred over a given fiscal year from funds appropriated through the annual budget process for projects scheduled in the same year.
3. **Capital Equipment** is defined as any item that has an expected life of five (5) years or more and a purchase price in excess of \$~~5~~4,000. Items costing less than \$~~5~~4,000 and lasting less than five (5) years are to be purchased from material and supply accounts. The purchase price includes any costs of acquisition or transportation of the item or other costs associated with the installation or placing it into service. The expected life for a piece of equipment is that period of time for which it will be useful in carrying out operations without major repair to its physical condition. Generally, capital equipment includes, but is not limited to, furniture and fixtures, machinery and motor vehicles.
4. **Capital Projects** are the improvements that make up the capital budget. Each project has a specific purpose, justification and cost. Projects propose physical improvements in different elements of the Town's infrastructure. Improvements include but are not limited to: construction, reconstruction, rehabilitation, modification, renovation, expansion, replacement, extension of streets, bridges, buildings, sidewalks, playgrounds, lights and acquisition of land, buildings with associated relocation, demolition and improvements such as landscaping, fencing and paving.

Criteria

The following Capital/Fixed Asset items are to be included for consideration in the Town's Capital Improvement Program (CIP):

- The acquisition of and improvements to assets that cost \$10,000 or more and,
- The Capital/Fixed Assets, or improvements, that have an anticipated life expectancy of five years or more. Most non-recurring major expenditures are the result of the Town's acquisition of capital items that form the physical foundation for municipal services such as land, buildings, infrastructure improvements, machinery and equipment. However, there can be major expenditures for non-capital items that can be anticipated on a recurring and periodic basis and require significant funding. In addition to the above items, the following proposed expenditures may be considered in the CIP, although they may not constitute capital/fixed assets with useful lives of five years or more.
- Property revaluation required by the Connecticut General Statutes
- Technology programs and systems
- Sinking fund contributions for debt
- Sinking fund contributions for repairs to major fixed assets

These items and other similar items that may require significant funding of \$10,000 or more, and are not anticipated to be acquired each year, may be appropriate to be included in the CIP process.

The annual road paving program can be anticipated on a recurring basis; however, it requires funding of significantly more than \$10,000 and should be included in the CIP process.

This CIP provides for a five-year plan of acquisition, renovation, replacement and construction of the items included in the capital budget and includes a planning, budgetary and financing process.

Assets in excess of \$10,000 not precluded from acquisition in the general fund or other special revenue fund.

CAPITAL IMPROVEMENT COMMITTEE

MEMBERSHIP

The Capital Improvement Committee shall be composed of one member of the Town Council, one member of the Board of Finance, and one member of the Board of Education. Committee assignments shall be determined by the board chair. The Town Finance Director, Town Manager and Superintendent of Schools shall be ex-officio Committee staff members without the right to vote.

ROLES & RESPONSIBILITIES

The Committee shall study proposed capital projects and improvements involving major non-recurring tangible assets and projects which: 1) are purchased or undertaken at intervals of not less than five years; 2) have a useful life of at least five years; and 3) cost over \$10,000. All town departments, boards and committees, including the Board of Education, shall, by December 1st of each year, give to the Town Manager who shall forward to the Committee information concerning all anticipated projects requiring action during the ensuing five years. The Committee shall consider the relative need, impact, timing and cost of these expenditures and the effect each will have on the financial position of the town. No appropriation shall be voted for a capital improvement requested by a department, board or commission unless the proposed capital improvement is considered by the Committee.

The Committee shall prepare an annual report recommending a Capital Improvement Budget for the next fiscal year, and a Capital Improvement Program including recommended capital improvements for the following four fiscal years. The report shall be submitted to the Board of Finance for its consideration and recommendation. The Board of Finance shall submit its recommended Capital Budget to the Town Council for approval (see Exhibit A).

Such Capital Improvement Program, after its adoption, shall permit the expenditure on projects included therein of sums from departmental budgets for surveys, architectural or engineering advice, options or appraisals; but no such expenditure shall be incurred on projects which have not been so approved by the town through the appropriation of funds in the current year or in prior years, or for preliminary planning for projects to be undertaken more than five years in the future.

The Committee's report and the Town Council's recommended Capital Budget shall be published and made available in a manner consistent with the distribution of the annual Town budget report. The Committee shall deposit its original report with the Town Clerk.

CAPITAL IMPROVEMENT PROGRAM TIMING/SCHEDULE

As part of the annual budget process, the CIP will be prepared, presented and acted upon in accordance with the following schedule:

No later than December 15	Department, board or agency shall submit a proposed five year CIP to the Town Manager
No later than January 10	Town Manager shall provide a five year planning document to the Capital Improvement Committee summarizing department proposals for capital improvements, a recommendation of items to be included in the CIP, project priorities for the following fiscal year and proposed method/sources of funding for all recommended projects.
On or about February 1	The Capital Improvement Committee shall receive, review and recommend the 5 year CIP. The plan will then be forwarded to the Board of Finance
On or about March 1 st	Board of Finance shall recommend CIP to Town Council
No later than March 27	Town Council adopts the CIP for the following fiscal year
Quarterly CIP meetings	The Capital Improvement Planning Committee shall meet at least quarterly to review and discuss current and proposed capital projects.

The Town Manager will provide the Town Council periodic CIP status reports throughout the year and present detailed project status reports or design plans on an as needed basis in accordance with the applicable project schedule.

IDENTIFICATION OF NEEDS

Capital Improvement items are considered on the basis of need and value to the community. Annually, each department, board or agency shall submit a proposed five year CIP to the Town Manager in accordance with the CIP schedule. Requested items shall include acquisition of capital assets, new construction, major renovations and improvements to municipal facilities, purchase of machinery and equipment and other items that satisfy the CIP criteria. Capital improvement proposals received outside of the formal CIP process from departments, citizens, agencies or organizations shall be forwarded to the Town Manager for review and recommendation to the Capital Improvement Committee, Board of Education, Board of Finance and Town Council as applicable.

Items that are to be included in the Capital Improvement Program include the following with an estimated cost of

\$10,000 or more and have a useful life of not less than five years:

- Purchase of Land and Development Rights
- Construction of New Buildings
- Land and Building Improvements and Renovations
- Machinery and Equipment
- Infrastructure Improvements (streets, sewers, sidewalks, etc.)
- Vehicles and Construction equipment
- Feasibility Analysis/Design/Cost estimates and other professional services relative to anticipated major projects
- In addition to the above items, the CIP may include certain recurring expenditures/projects that due to their nature and anticipated cost are best appropriated through the CIP (e.g. revaluation or major software acquisition)

All Capital Projects under consideration must be submitted on forms provided by the Finance Department and include the following detail and descriptive information:

1) PROJECT TITLE: Enter the title best describing the project. Be concise, but as descriptive as possible.

2) SUBMITTED BY: Enter the Department, and division, if applicable.

3) CONTACT PERSON: Enter the name and telephone number of the person who can best answer detailed questions about this project.

4) PROJECT DESCRIPTION: Give a full, detailed description of the project. The description must contain enough information to allow for a detailed project cost estimate. If costs are estimated to exceed \$250,000 see “Estimated Costs” on page 5. If the project is construction of a building, specify the following: size; use; type of building; utility type; etc. If it is a street project, specify the following: length; width; whether it is new construction, reconstruction or resurfacing; whether it involves new signals, sewers, and/or sidewalks; etc. Photos and other documentation should also be submitted if they provide relevant information. Any project with insufficient information to develop a cost estimate will not be considered.

5) PROJECT JUSTIFICATION: Support the need for this project. Some of the questions you might want to consider below:

- Does the project meet established standards, codes or mandates?
- Does the project address a Town Council policy initiative or Board of Education goal?
- Does it address a health, fire, safety or security concern?
- Does it serve a segment of the community not currently served?
- Does it foster private investment? How much?
- Does it create jobs? How many? What type?
- Does it support economic development (i.e. tourism)?
- Does the project require additional staffing or operational increases (e.g. grant writer)?
- Does the project create any revenue?
- Do grant funds or other opportunities exist to offset costs?
- What will happen if the Town does not undertake this project?

Use the above and ~~the Capital Allocation Checklist~~ as a guide in submitting justifications.

6) PROJECT LOCATION AND SERVICE AREA: Give a brief description of the community impact the project will have as well as the area it will serve.

7) SIGNATURE: The Department Director must sign the bottom of the form and date it. The signature indicates that the director approves of the submission of the project and agrees with the information provided.

Estimated Costs

Costs shall be estimated for all items requested as part of the five-year Capital Improvement Program. Costs for

items requested in years two through five shall anticipate an escalation rate to be determined by the Town Manager and Finance Director at the beginning of the CIP process.

The steps for **major** capital projects in the CIP, those estimated to exceed \$250,000, may be required by the Town Manager and will generally include the following:

- A. Evaluation/feasibility phase, as necessary
- B. Preliminary design and cost estimating phase
- C. Final Design and construction

Subject to the specifics of the project, funding for steps A and B may be combined in the initial request. Cost estimates should include preliminary design fees, final design fees, architectural fees, construction management fees, construction costs, acquisition costs, contingency, escalation, legal and financing fees, including short term interest, and any other costs applicable to the project. The scope and estimated costs of in kind services shall be identified and presented along with the initial cost estimates for the project.

Funding

The Town Council, as part of the annual operating and capital budget process, will review the capital equipment and capital projects included in the CIP as recommended by the Board of Finance. The Town Manager and Finance Director will develop a recommended financing plan, with options, based on total project costs, cash flow, projected method(s) of financing the projects, Capital Reserve fund projections, mill rate and debt service impact on future operating budgets. The Town Council shall review these projections when developing project priorities and the recommended capital program for the following year. The goal is to effectively balance the total of the annual Capital Reserve Transfer and Debt Service requirements to minimize fluctuations in the mill rate in accordance with established guidelines set forth in this document.

An annual financing plan for the multi-year capital improvement plan is critical to the CIP process. Factors to be considered shall include:

- Anticipated revenue and expenditure trends and the relationship to multi-year financial plans
- Cash flow projections of the amount and timing of the capital improvement projects
- Compliance with all established financial policies
- Legal constraints imposed by Town charter or State statute
- Evaluation of various funding alternatives
- Reliability and stability of identified funding sources
- Evaluation of the affordability of the financing strategy, including debt ratios, future budgets and mill rate.

The Capital Improvement Program shall generally be funded as follows:

- A. Capital Reserve Fund** – The Town will use the Capital Reserve Fund as the primary funding source for capital projects to be funded on a pay as you go basis. The Capital Reserve Fund is primarily funded through an annual appropriation from the General Fund.

Based on factors referenced herein the Town Council shall consider as a general guideline a **minimum** annual appropriation and transfer to the Capital Reserve Fund in an amount equivalent to three percent (3%) of the current adopted operating budget rounded to the next highest \$5,000. In no event shall the annual general fund contribution exceed 2 mills.

Annually the Board of Finance will review the General Fund unassigned fund balance, Capital Reserve unassigned fund balance and other funding requirements and may recommend a transfer of additional funds to the Capital Reserve Fund. The goal of the Town is to maintain an unassigned balance in the Capital Reserve

Fund of an amount equivalent to \$1,000,000, except as needed to meet emergencies. The reserve policy will be reviewed annually and adjusted accordingly as part of the CIP process. Factors to be considered include evaluation of the projects in the multi- year plan, the method of financing and their effect on projected mill rates.

- B. Capital Initiatives Fund** – This fund is primarily used to account for the construction and acquisition of major capital assets. Bond proceeds are the major funding source for projects accounted for in the fund.
- C. Donations/Grants/Loans** – Anticipated contributions from various organizations or groups towards certain Capital Improvement projects, grants and loans will be used in financing the CIP to determine final estimated net cost to the Town.
- D. General Obligation Bonds** – Projects that are anticipated to have a significant expenditure of funds should be considered for referendum and funded through the issuance of general obligation bonds that shall be authorized and issued in accordance with Connecticut statutes and the Town of East Hampton Charter. Projects funded through the issuance of debt must be approved by the Board of Finance, Town Council and Town Meeting. The Town Council may elect to have a project voted on at referendum in lieu of a Town Meeting.

AMENDING THE CAPITAL IMPROVEMENT PROGRAM

Revisions to Approved CIP Projects:

Periodically there will be changes made to the approved CIP Projects that will require extra funding. This could arise from unanticipated inflation, change from the original project description or bids that may push up the original cost estimate. These additional funding requests will be handled as follows:

- 1- The Department or authorized entity responsible for the Project makes an initial determination that additional funds are required for a specific purpose.
- 2- The Department Head submits a written request for additional funding to the Town Manager. This request will include the original Finance Department CIP request form and will include detailed cost differences in the original Project and the revised Project.
- 3- This additional funding can be approved by the Town Manager providing the additional costs do not exceed the greater of \$10,000 or 10% of the original Project cost.
- 4- Should the Project Cost increase be more than \$10,000 or 10% of the original Project cost then the Project must go back to the CIP Committee for their review and approval.

Funding New and Emergency CIP Projects:

Periodically there will be projects that arise suddenly or on an emergency basis. These projects may be recommended by employees, citizens, and members of boards or commissions.

- 1- The Department responsible for the project makes an initial determination that funds are required for a specific purpose.
- 2- The Department Head submits a written request for funds to the Town Manager. This written request is completed on the Finance Department's CIP Fund request form.
- 3- The Town Manager will make a recommendation to the CIP Committee. The Capital Improvement Committee will then make a recommendation that is forwarded to the Board of Finance.
- 4- The Town Manager will prepare a report and resolution for approval from the Board of Finance, Town Council, and Board of Education if needed. This report will be placed on the agenda of the next regular scheduled meeting of the Board of Finance and Town Council, and Board of Education if needed. Emergency meetings will be scheduled if necessary.

ACCOUNTING PROCEDURES

After all of the projects have been approved by Town Council the Finance Department will begin the process of establishing accounts for the approved programs. All appropriations will be established based upon the approved project cost and prepared by using the line item criteria established by the cost estimate forms. In addition, the

Finance Department will be responsible for the following:

- 1) Maintaining grant agreements;
- 2) Maintaining audit records;
- 3) Receiving and recording revenues;
- 4) Distributing payments;
- 5) Reconciling the general ledger;
- 6) Reconciling bank statements and investments; and
- 7) Monitoring department performance.

The Department Director or Project Manager will be responsible for the following:

- 1) Creating monthly project status reports;
- 2) Creating and maintaining project timetables;
- 3) Explaining project changes and/or cost overruns;
- 4) Providing updates to the Town Council;
- 5) Presenting projects to committee and the Town Council;
- 6) Completing data detail for the Finance Department; and
- 7) Estimating costs and/or staffing requirements.

No later than September 1	Department, board or agency shall submit a proposed five year CIP to the Town Manager
No later than October 1	Town Manager shall provide a five year planning document to the Capital Improvement Committee summarizing department proposals for capital improvements, a recommendation of items to be included in the CIP, project priorities for the following fiscal year and proposed method/sources of funding for all recommended projects.
On or about November 1	The Capital Improvement Committee shall receive, review and recommend the 5 year CIP. The plan will then be forwarded to the Board of Finance
On or about December 1	Board of Finance shall recommend CIP to Town Council
No later than January 1	Town Council adopts the CIP for the following fiscal year
Quarterly CIP meetings	The Capital Improvement Planning Committee shall meet at least quarterly to review and discuss current and proposed capital projects.

	Amount at June 30. 2013	
Parks & Recreation		
Adult Programs	\$ 8,554	Fee for service recreation programs
Youth Programs	49,873	Fee for service recreation programs
Softball Lighting	(743)	User groups are billed for use of the lights.
Concession	(4,770)	Sears Park Concessions
Boat Launch	7,542	1/2 of Boat pass revenue. Used for boat launch improvements.
Rails To Trails	10,763	Ghost run proceeds used for trail improvements
Youth & Family Services		
Programming prevention for adolescent women	6,108	The goal of these programs is to help young people foster healthy and positive habits while reducing high-risk behaviors. These programs hope to support the overall well-being of the town of East Hampton.
Youth Enhancement Grant	599	Grant used in conjunction with the Youth and Family services grant
Library		
Connecticard	3,229	The CT State Library annually reimburses the library a per-item sum for every item borrowed by an out-of-town patron. Reimbursement is based on a funding allocation made by the state legislature and a State Library formula. By statute, the money cannot revert to General Fund.
State Library Grant Award	2,621	Library completes an annual statutory report. The grant is awarded to principal public libraries that meet the requirements of a maintenance-of-effort statute. Award is based on a legislative allocation and formula for base grant + equalization amount based on AENGLC rank. By statute, the money cannot revert to General Fund.
Children Donations	590	Amount is the aggregate of small gifts or proceeds from the sale of donated children's books.
Adopt-An-Author	1,693	Patron chooses favorite author; pays our cost for each title by that author in exchange for first read and a tax deduction. Fundamentally a revolving fund, the AAA program allows the library to (a) buy multiple copies of popular fiction (b) keep up with public demand for popular fiction (c) take pressure off the materials budget so popular fiction is not the main driver of expenditures. The number of adoptions varies from year to year.
Friends of the Library	835	The Friends directly fund a number of programs such as the library's museum pass program. This fund is used when the FOL writes a donation check to the library to cover the cost of an agreed upon program.
Adult/YA Book Replacement	1,489	Patrons reimburse to the library the retail cost of an item they have lost, damaged, or destroyed.
Child Book Replacement	1,337	Patrons reimburse to the library the retail cost of an item they have lost, damaged, or destroyed.
Civic Donations	1,993	Contributions from Civic Groups though the bulk of the money is Rotary money used to fund LEGO league teams co-sponsored/co-funded by the library. The money is not a contribution to the library; rather the library administers the league and pays the bills.
Memorial Donations	483	Donations made in the name of a loved one.
Foran Memorial	390	Jeff Foran and his siblings maintain this fund in the name of their parents. The fund is used to buy fiction books by specific popular authors. The fund is a hybrid of Adopt an Author.
Misc Library Revenue	(1,188)	The revenue comes from recycling printer cartridges, cell phones and selling composters and rain barrels at a small mark-up. The account is in the hole owing to slow sales of candles dedicated to Bevin Bell. We are looking for a bulk buyer to break even.
Special Support	205	Fund is composed of donations to the library made by individuals or businesses.
	\$ 91,600	- Agrees to page 69 of the audit

Public Safety Special Revenue	Balance at June 30, 2013	Description
Police Special Services	\$ 151,340	Private companies are billed for police services relating to traffic control. \$38,935 was expended on mobile computers after June 30, 2013.
Police Pension	\$ 56,868	\$2.00 per billed hour for special services get set aside for funding future retiree benefits. Article XXII of the Police contract.
Rescue Boat	\$ 13,767	Donations for a police rescue boat. These funds will be added to the amount (\$20K) in capital.
Seized Assets	\$ 9,223	The Marshals Service administers the Department of Justice's Asset Forfeiture Program by managing and disposing of properties seized and forfeited by federal law enforcement agencies and U.S. attorneys nationwide. The last forfeiture we received was May 2004.
Collect Upgrade Fund	\$ 8,339	Funding received by the State of CT DEMHS for upgrades to the Collect system. The Town recently spent approx. \$2,000 on upgrades.
D.A.R.E.	\$ 4,784	Funded primarily through donations
EMPG Grant	\$ 4,349	State of CT DEMHS grant. Grant closed 12-31-2013
Total	\$ 248,669	- Page 69 of the audit

Municipal Interlocal Risk Management Agency (MIRMA)

The Municipal Interlocal Risk Management Agency (MIRMA) is an unincorporated association of Connecticut municipalities and other local public agencies. It was founded by the resolutions of the towns of Chaplin, Connecticut and Willington, Connecticut, adopted respectively, December 10, 2001 and December 17, 2001, for the purpose of developing and administering an interlocal risk management program pursuant to Sec. 7-479a of the Connecticut General Statutes. MIRMA was approved by the State of Connecticut Insurance Department (the Department) on June 19, 2002, and commenced operations on July 1, 2002. Effective July 1, 2010, MIRMA did not renew insurance coverage with its members. MIRMA provided the Town with workers compensation insurance from July 2002 through June 2009.

Prior to July 1, 2010, MIRMA provided its members with workers' compensation coverage up to the Connecticut Statutory limits and employers' liability coverage for bodily injury with limits of \$1,000,000 each accident and bodily injury by disease with limits of \$1,000,000 each employee, each incident. The initial premiums are based on estimated payroll costs and are subject to annual audit premiums based on the actual payroll costs of the underlying insureds.

MIRMA will continue on a run-off basis and has no intention of writing business in the future. The MIRMA program has been placed in run-off since July 1, 2010 and does not write any further risk for its members.

During 2009, MIRMA assessed the members \$10,000,000 for additional amounts in accordance with the additional contribution provisions of its membership agreement, which represent retrospective premium adjustments. East Hampton's original assessment is below.

	% of Assessment	Amount
Town	56%	\$ 199,864
BOE	38%	\$ 135,622
Jt. Facilities	5%	\$ 18,630
WPCA	1%	\$ 2,784
Total	100%	\$ 356,900

MIRMA subsequently modified the Town's contribution to \$340,347. Additionally MIRMA applied credits of \$19,710 bringing the total payment to \$320,637. The Town currently has \$36,263 available to pay future contributions.

Note: The Finance Department's records indicate that the credit should have been \$12,962.

On December 13, 2013 MIRMA held an annual meeting of the Board. At that meeting a proposal was made to sell out all remaining liabilities to a private company. This would result in a final payment for the Town of East Hampton of \$72,384. If it is decided not to sell out the remaining liability all of the member Communities will still be required to pay close to \$300,000 in administrative costs yearly and an equal share of the liability for an undetermined amount of time through the run-off term.

The Town would need an additional \$36,121 (\$72,384 less \$36,263) to fund the increase. Based on the allocation of the original assessment the breakout for various departments would be as follows:

- Town \$20,228
- BOE \$13,726
- Jt. Facilities \$1,806
- WPCA \$361

At your January 14th regular meeting I will be asking the Council to make a motion to give the Town Manager a direction as how to vote at the January 27th meeting. I can either vote to sell the liability for \$72,384 and dissolve MIRMA. I can vote against the sale and we can continue to pay our share of the administrative costs and liability in the run-off status. If the Council refuses to vote in either direction I will abstain from vote. Please note that we are only 1 vote among 65 other public entities.

courant.com/news/opinion/editorials/hc-rennie-insurance-workers-com.artapr25,0,7334476.column

Courant.com

Why Enable A Municipal Insurer That's Deep Under Water?

Kevin Rennie

NOW YOU KNOW

April 25, 2010

A compelling example of why we don't trust government to use its authority wisely has been unfolding in the General Assembly. It is a cautionary tale about a small insurance company, bad decisions and legislators who ignore startling facts.

Municipal Interlocal Risk Management Agency, also known as MIRMA, was established by some small towns in 2002 "to develop and administer insurance to member public entities throughout Connecticut." According to its website, more than 65 public entities belong to the organization, which concentrates on providing workers' compensation coverage.

It has straightforward mission, and it's a failure. If MIRMA were a private insurance company, it would have been shuttered long ago. MIRMA, however, enjoys friends and advocates in the legislature, so it careens on toward an expensive abyss. Its financial health has never been robust.

Several years ago, the legislature took away the state Department of Insurance's authority to regulate MIRMA, according to frustrated officials in that agency. It has power to review the condition of MIRMA but it cannot act when it sees trouble, and there's plenty. The department raised the prospect of MIRMA shutting down five years ago. Instead, the legislature passed a bill exempting it from prudent financial standards that require reserves to pay expenses — the medical bills of injured workers.

MIRMA's deficit has grown from \$2.2 million in 2004 to nearly \$10 million at the end of last year. The latest independent audit declares that its losses and deficits "raise substantial doubts about MIRMA's ability to continue as a growing concern." These bare facts ought to be enough to prompt the legislature to authorize state regulators to intervene.

Instead, a bill extending MIRMA's exemption from sound business practices sails through the legislature. Swaddled in isolation, the legislature's Insurance and Real Estate Committee ignored terse February testimony from the Insurance Department describing MIRMA's troubles.

On April 7, it took only a trice for state Rep. Steven Fontana, D-North Haven, to describe the MIRMA bill and then for the House to vote for it by a 147-2 margin. No one mentioned that, the day before the vote, the chairman of the Workers' Compensation Commission, John Mastropietro, sent a searing letter to MIRMA chairman David Denvir of Killingworth telling him MIRMA must pay the medical bills for the injured workers it insures.

Mastropietro, no alarmist, explained what the consequences of MIRMA's mess could be for thousands of workers. "If doctors and hospitals were to opt out of treating injured employees due to your failure to compensate them in a timely manner, our Workers' Compensation System would be severely compromised."

This came as a surprise to one of the co-sponsors of the MIRMA bill, state Rep. Marilyn Giuliano, R- Old Saybrook. She sang the praises of MIRMA and its mission to provide affordable insurance coverage to small towns, when I spoke to her last week. She appeared not to have a clue that the reason it's affordable is that the premiums it collects don't cover the cost of paying claims, and haven't for years.

When asked why she co-sponsored the bill to exempt from state regulators a company that isn't paying medical bills incurred for the care of injured workers, she went wobbly. "I don't know where this [bill] might have come from," she claimed. Perhaps in my research I might ask, she suggested.

Hey, lady. Your name appears on the bill as one of six co-sponsors. You're supposed to have a clue. There's a reason MIRMA needs the legislature to protect it from the requirement to have sufficient cash reserves on hand to pay claims. It's a shambles, and the legislature is an accomplice in making it worse. More medical bills go unpaid and MIRMA has not responded to Mastropietro's letter. The Senate passed the bill Wednesday.

The MIRMA mess serves as a warning for what's ahead. An army is forming to expand the role of state government in health care. These advocates have begun to hint that they, too, will want exemptions from traditional, prudent business practices imposed on insurers. Granting those would be a monumental mistake.

• **Kevin Rennie is a lawyer and a former Republican state legislator. He can be reached at kfrennie@yahoo.com.**

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Office of the TOWN MANAGER
MICHAEL MANISCALCO, MPA
mmaniscalco@easthamptonct.org

TOWN COUNCIL
Barbara Moore,
Chairperson
Kevin Reich,
Vice Chairman
Patience Anderson
Ted Hintz, Jr.
George Pfaffenbach
Mark Philhower
Philip Visintainer

Board of Finance
C/O: Chairman Turner
20 E. High St.
East Hampton CT 06424

January 13, 2014

Dear Board of Finance,

The last time the Purchasing Ordinance was updated was in 2001 and after an opportunity to operate under its guidance staff have identified some deficiencies and inoperable sections. Accompanying this letter is a draft of some redlines changes that Town Staff have recommended. Please review that draft and provide your feedback and recommendations with us by March 15, 2014.

Thank you ahead of time for your support and help.

Best regards,

A handwritten signature in blue ink, appearing to be 'M. Maniscalco', written in a cursive style.

Michael Maniscalco, MPA

December 26, 2013

To the Board of Finance
Town of East Hampton, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of East Hampton for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, and the State Single Audit Act, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 28, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of East Hampton are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Town changed accounting policies related to the presentation of the new financial statement titles and categories of deferred outflows and deferred inflows of resources by adopting Statement of Governmental Accounting Standards (GASB Statement Nos. 63 and 65), Financial Reporting on Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and Items Previously Reported as Assets and Liabilities. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town's government wide financial statements were:

Net Pension Asset

The net pension asset is the cumulative difference between the annual pension cost and the town's contributions to the plan. The annual pension cost is calculated by the Town's Actuary using actuarial assumptions and estimates. We evaluated assumptions and estimates used to calculate the annual pension cost in determining that it is reasonable in relation to the financial statements taken as a whole.

Net Other Postemployment Benefit Obligation

The net other postemployment benefit obligation is the cumulative difference between the annual other post employment benefit cost and the town's contributions to the plan. The annual other postemployment benefit cost is calculated by the Town's actuary using actuarial assumptions and estimates. We evaluated the assumptions and estimates used to calculate the annual other postemployment benefit cost in determining that the liability is reasonable in relation to the financial statement taken as a whole.

Brownsfield Obligation

The Brownsfield obligation is the estimated costs of clean up for property located at 13 Watrous Street for which the Town has been named the responsible party. The estimated liability is calculated by a third party consultant using assumptions and estimates. We evaluated the assumptions and estimates used to calculate the Brownsfield obligation in determining that the liability is reasonable in relation to the financial statement taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 26, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Finance and management of the Town of East Hampton and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



CohnReznick LLP

TOWN OF EAST HAMPTON, CONNECTICUT

FOR THE YEAR ENDED JUNE 30, 2013

Management's belief that the effects of any uncorrected financial statement misstatements aggregated by CohnReznick, LLP. during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

**GOVERNMENT WIDE
PASSED ADJUSTING JOURNAL ENTRY**

<u>PAJE No.</u>	<u>DESCRIPTION OF PROPOSED AJE</u>	<u>ACCOUNT NAME</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	To record tax overpayments due to taxpayers as of June 30, 2013	Tax Revenue Other liabilities	\$ 16,339	\$ 16,339

**GENERAL FUND
PASSED ADJUSTING JOURNAL ENTRY**

<u>PAJE No.</u>	<u>DESCRIPTION OF PROPOSED AJE</u>	<u>ACCOUNT NAME</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	To record tax overpayments due to taxpayers as of June 30, 2013	Tax Revenue Other liabilities	\$ 16,339	\$ 16,339

To: Jeff Jylkka

From: Dean Markham

Re: 2013 Financial Report

Date: January 5, 2014

A few questions and comments.

1. With respect to Property Taxes Receivable.

Table 7, p. 86 "Tax Rates , Levies" and Sch 4, p. 68 "Report of Tax Collector" report essentially the same information yet details do not agree. Although ending balances do agree, detail doesn't. Shouldn't it? The information presented on Table 7 is cumulative while the data on Schedule 4 is only for the fiscal year. There will be differences.

Table 7 totals do agree with Balance Sheet p. 24 (\$1,360,422) but Balance Sheet does not agree with "Statement of Net Position" p. 21 which reflects Current Assets, Property Taxes at \$676,638 and Receivables, Property Taxes at \$1,014,758. This does agree with the reconciliation in the Footnotes p. 45. Why the difference?

Table 7 only reports the principal amount of tax receivable (10 yrs. only) while the Statement of Net Position is required to report the principal amount along with the amount owed for delinquent interest and liens and an allowance for uncollectible. See below for a reconciliation.

	Statement of Net Position	Reconciling Items		Schedule 4 Tax Receivable Only
		Interest & Lien Receivable	Allowance	
Property tax receivables	Total Receivable			
Current	\$ 676,658	\$ (54,401)	\$ 21,000	\$ 643,257
Long-term	\$ 1,014,758	\$ 72,593)	\$ 75,000	\$ 717,165
Total	\$ 1,691,416	\$ (426,994)	\$ 96,000	\$ 1,360,422

Table 7	Amount	
Receivable	\$ 1,359,847	- Only 10 yrs. of trend data. Excludes grand list year 2001
Schedule 4 & B/S		
Receivable	\$ 1,360,422	
Difference	\$ 575	- Amount due on grand list year 2001

2. Exhibit D and Exhibit F don't agree. Footnote B - Budget - GAAP Reconciliation on p. 43 shows difference. Why isn't this recorded so the two financial statements agree? Wouldn't it be simpler and clearer to reader? The State teacher's retirement payment is not received by the Town but made on the Town's behalf. This amount is required for GAAP financial statements (Exhibit D) and not recorded for the budgetary basis (Exhibit F). It would not be meaningful if we budgeted for this on the revenue and expense side as we are neither directly receiving nor disbursing the funds.

3. Footnotes p 42. A. - Budgets and Budgetary Accounting, 6th bullet. I didn't know we had a Board of Selectmen? This should be corrected since the 1987 Charter revision changed us to a Town Council form of government. Who does Board of Education report to - Council or Finance?

You are correct. This must have a holdover from past audit reports. I have noted this for next year.

From a budget development point of view the Board of Education must go to the Board of Finance and then Town Council. As far as an operationally I believe they report to the State.

Effective October 2013 - Local school boards that have adopted policies authorizing limited appropriation transfers in emergency situations to provide a written explanation of the transfer to the municipality's legislative body or, if the legislative body is a town meeting, the board of selectmen, rather than only announcing it at the next regularly scheduled school board meeting.

4. Table 6, p. 85 - "Markowitz" should be "Jackowitz"

5. Table 5, p. 84 - It would be useful to have a breakdown of the Real Estate and Personal Property assessments between Individuals and Commercial/Industrial/Business. That would be important information for the Board of Finance to evaluate as it does its Budget work and would show composition of property tax and mill rate.

Noted. This information can be pulled together if the Board decides.

Agenda Item: 11d

Following is the proposed legal description for the portion of property at 5 Niles Street that the current owner Brooke D. Tegge proposes to convey to the Town.

Motion to approve the acquisition of a certain portion of a piece or parcel of land, with the improvements thereon situated in the Town of East Hampton, County of Middlesex and State of Connecticut, and being more particularly bounded and described as follows:

Beginning at a spike set in the Northwest corner of Parcel "B" on a Map entitled "Property Survey prepared for Brooke D. & Ruth A. Tegge #5 Niles Street East Hampton, Connecticut Scale 1" = 20' dated September 25, 2002 prepared by Jackowiak Land Surveying Robert F. Jackowiak LS 42 Lakeside Avenue Middletown, Connecticut 06457" and recorded on September 26, 2002 in Book of Maps 59, Page 49 of the East Hampton Land Records, thence running S 62° 54' 24" E a distance of 45.00 feet; thence turning and running N 87° 09' 35" W a distance of 36.34 feet; thence turning and running N 27° 06' 06" E a distance of 14.89 feet to the point and place of beginning, being a triangular portion of land of 247 square feet, more or less, identified as a crosshatched area depicting apparent limits of pavement encroachment on said Map.

Being a portion of the same premises described in a Warranty Deed to Grantor herein and Ruth A. Tegge dated May 31, 2001 and recorded June 4, 2001 in Volume 331, Page 597-598 of the East Hampton Land Records.