

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**TOWN OF EAST HAMPTON,
CONNECTICUT**

YEAR ENDED

JUNE 30, 2016

**PREPARED BY:
THE FINANCE DEPARTMENT**

JEFFERY M. JYLKKA, FINANCE DIRECTOR

Town of East Hampton, Connecticut

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Introductory Section

Town of East Hampton, Connecticut

List of Principal Officials
June 30, 2016

TOWN COUNCIL

Patience Anderson, Chairperson
Ted Hintz, Jr., Vice Chairman
Pete Brown
Melissa Engel
Mark Philhower
Josh Piteo
Kevin Reich

BOARD OF FINANCE

Allison Tokarz, Chairman
Janine Jiantonio, Vice Chairperson
Alannah Coshow
Alan Hurst
Marc Lambert
Dean Markham
Steve Ritchie

BOARD OF EDUCATION

Christopher Goff, Chairman
Kenneth Barber, Vice Chairperson
Erika Bonaccorso
Jarod Bushey
Jeff Carlson
Debra Devin
Joanne Barmasse
Tania Sones
Carol Williams

Superintendent of Schools

Paul K. Smith

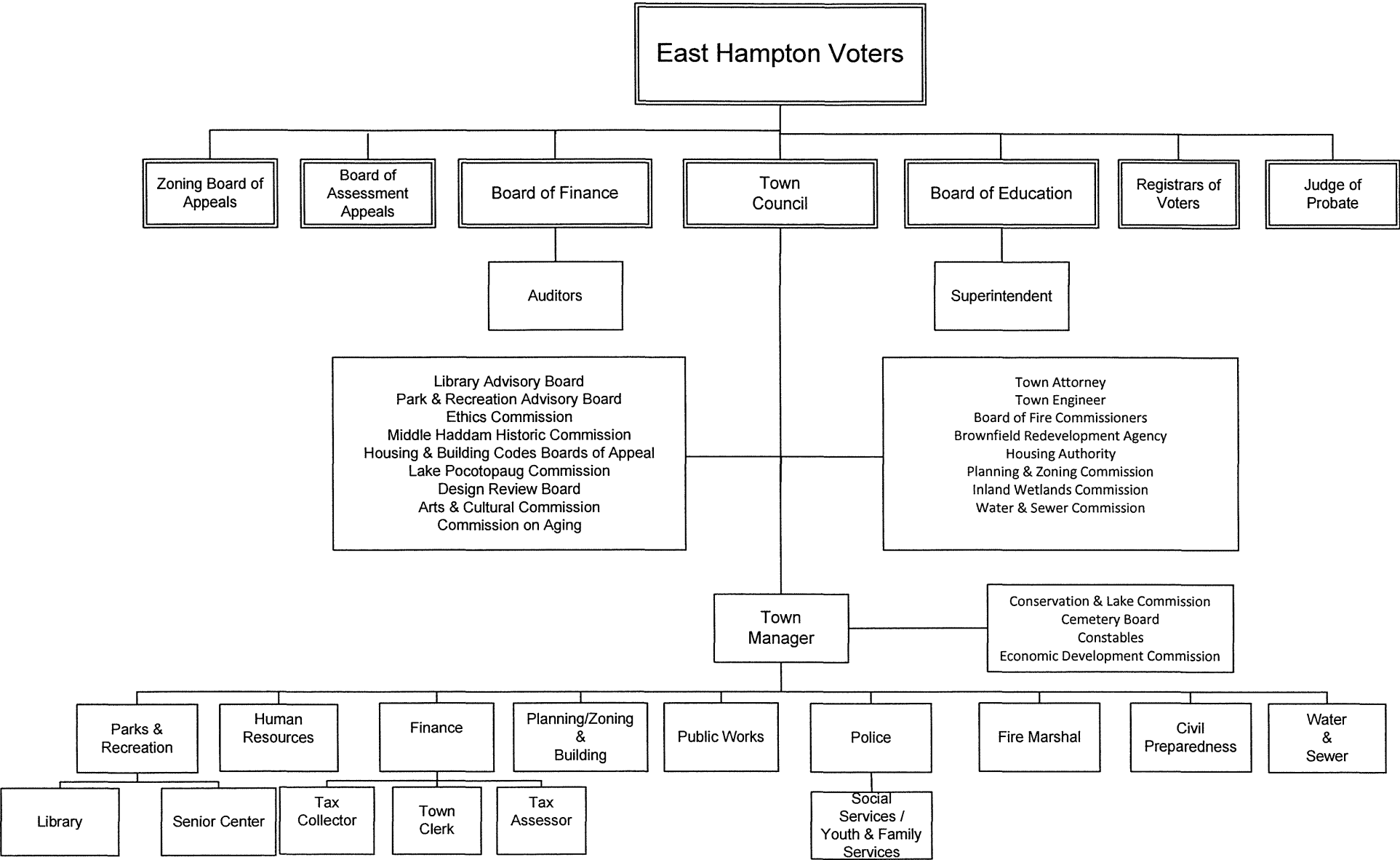
EAST HAMPTON ADMINISTRATIVE OFFICIALS

Michael Maniscalco, Town Manager

Library Director
Planning and Zoning Administrator
Building Administrator
Police Chief
Senior Center Director
Director of Finance
Fire Marshal
Director of Parks & Recreation
Director of Youth & Family Services
Public Works Superintendent
Public Utilities Administrator
Fire Chief
Town Clerk

Susan M. Berescik
Jeremy DeCarli
Glen LeConche
Sean Cox
Jo Ann H. Ewing
Jeffery M. Jylkka
Rich Klotzbier
Jeremy Hall
Wendy Regan
Dean Michelson
Tim Smith
Greg Voelker
Sandra M. Wieleba

Town of East Hampton, Connecticut
Organizational Chart





TOWN OF EAST HAMPTON
20 East High Street
East Hampton, CT 06424

Office of the FINANCE DIRECTOR
JEFFERY JYLKKA, CPA
jjylkka@easthamptonct.gov

December 22, 2016

To the Town Manager, Members of the Town Council, Members of the Board of Finance and Citizens of the Town of East Hampton, Connecticut.

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of East Hampton for the year ended June 30, 2016. The report includes the independent auditor's report as required by Connecticut Statutes. The report is prepared in conformity with generally accepted accounting principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. Management of the Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

CohnReznick LLP, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, has audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of East Hampton, Connecticut for the fiscal year ended June 30, 2016, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of East Hampton's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the Town's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the independent auditor's report.

Profile of the Town of East Hampton

The Town covers an area of 36.8 square miles in east central Connecticut and is on the east bank of the Connecticut River, approximately 21 miles south of Hartford. East Hampton's topography is dominated by numerous hills interspersed with winding stream valleys and level wetland areas. The Town is traversed by State Routes 16, 66, 151, and 196. Route 66 provides access to Route 2 and Hartford as well as Middletown. There are approximately 91 miles of Town roads. The State maintains approximately 35 miles of highway in East Hampton. The 2016 population was 12,858. The Town was originally settled in 1710.

The Town of East Hampton has a Council-Manager form of government with a Town Council consisting of seven elected members serving concurrent two-year terms and a Board of Finance consisting of seven elected regular members serving overlapping four-year terms. Powers and privileges are conferred and granted to the Town by the Connecticut General Statutes and a Charter which was adopted in 1971, effective 1973 and revised in 1987 and 2016. The legislative power of the Town is vested with the Town Council and the Town Meeting, which must approve the annual budget, all special appropriations or expenditures, and all bond and note authorizations. The Town Manager is the chief executive officer and chief administrative officer of the Town and is responsible for the administration of all Town matters with the exception of the education system.

The financial administrator of the Town is the Director of Finance. The Director of Finance serves as Treasurer for the Town and Board of Education and is responsible for the operation and supervision of the Department of Finance. The Director of Finance has full supervisory responsibilities for the keeping of accounts and financial records; the receipt of operating and other revenues; the custody and disbursement of Town and Board of Education funds and money; the control over expenditures and budget functions. The Collector of Revenue, Assessor and Town Clerk work under the supervision of the Director of Finance. The Assessor's Office is responsible for determining equitable property values for real estate, motor vehicle, and personal property as of October 1st for the purpose of taxation. The Tax Collector's Office bills, collects, processes and deposits taxes, interest and fees on all taxable property in the Town.

The annual budget serves as the foundation for the Town's financial planning and control. The Town maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the budget referendum. The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, Exhibit L (II) A in the Notes to Financial Statements describes the budget process used by the Town.

Local Economy and Major Initiatives

East Hampton is a residential community with a light industrial tax base and limited seasonal resorts. Principal industries include manufacture of bells, pharmaceuticals, tools and dies, and forestry. East Hampton has been fortunate that foreclosure rates are below regional, state and national levels. Unemployment rates have increased from 4.0% to 5.0% and are slightly higher than the national average of 4.9% but below regional and state levels. East Hampton's existing development has occurred primarily on the major roadways, Routes 16, 151, and particularly, Route 66.

Principal non-residential development has occurred in three historic centers – Cobalt, Middle Haddam, and East Hampton Center. High-density residential development is concentrated around East Hampton Center and Lake Pocotopaug. Approximately 720 acres remain as active farmland, mostly as field crops.

A \$51,695,000 High School renovation project that was approved by the voters in June 2013 and broke ground in November 2014 is on schedule. The acquisition of a ladder truck for the Fire Department began during the year. The cost is \$805,017 and was financed with funds available in the Capital Reserve Fund. A Public Works dump truck was acquired and financed with a tax-exempt lease during the year as well. Phase 4 of the road improvement program was substantially complete at the end of the fiscal year with a reduced scope due to cost overruns in phases 2 and 3. The Christopher Brook culvert replacement rehabilitation project has begun and is scheduled for completion by the end of the 2017 fiscal year. These projects will be funded by Federal and state grants along with local tax dollars and with a total cost in excess of \$1,000,000.

Residential housing values throughout the Town have increased slightly compared to a year ago. Building permits for residential and commercial development have increased compared to last year.

The Town of East Hampton is well positioned to accept and meet the challenges posed by the 21st century. The Town has a moderate debt burden, which is planned for quick retirement; and its pension plans remain at relatively high funding levels. Conservative budgeting practices has enabled the Town to maintain its unassigned fund balance, which represents 12.1% of general fund expenditures and transfers out. These facts are echoed within the municipal credit industry. The Town is rated “AAA” from Standard & Poor's Ratings Services.

Connecticut Natural Gas (CNG) completed a natural gas expansion into the Town during the fiscal year. The gas line was installed along Rt. 66 and connected most of the Town owned buildings. Several large businesses have connected as well. The Town has substantially completed a contract in excess of \$1,000,000 to replace the oil-fired boilers with gas fired. The project was financed primarily with a tax-exempt lease (\$886,500); the remaining balance was paid for out of the Capital Reserve Fund.

In 2016, the Town Council created the Town Hall and Police Department Building Committee. This was done after the Council determined a continued effort to renovate Center School as a municipal facility is too costly. Simultaneously, with the creation of the Building Committee, the Council released a request for proposal (RFP) seeking property(s) for municipal facilities. It is expected that once the Building Committee is seated, they will develop an RFP to seek an architect to help lead the design phase of a Town Hall/Police Department. Once design is complete, the expectation is that the project will be sent to a referendum for the general public to vote on.

Long-Term Financial Planning

The Town through its Capital Committee prepares a five-year capital improvement plan for the acquisition, new construction, and repair and replacement of municipal facilities and equipment. The purpose of this plan is to maintain the Town's infrastructure and make improvements to and/or add community facilities to enhance the Town's overall image and services it provides to Town residents.

In December 2015 the Town issued \$21,225,000 of general obligation bonds to permanently finance the High School renovation and road improvement projects and issued an additional \$5,000,000 of notes for the High School project. The first debt payments will begin in fiscal year 2017.

Relevant Financial Policies

The Town's financial policies have been applied consistently with the prior year and had no notable current year effect on the financial statements. A use of fund balance policy was established by the Board of Finance and Town Council, the overall purpose was to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time emergency expenditures. The fund balance policy goal is to maintain General Fund unassigned fund balance between 8-10% of budgeted operating expenditures.

The Town also approved a capital improvement and debt policy to establish parameters and guidance for the Board of Finance and Town Council to make decisions on capital spending and issuance of debt as a means to fund them.

There were no developments at the State level that impacted the current year financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015, which was the fifth award the Town has received. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both GAAP and applicable legal requirements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Each member has my sincere appreciation for their contributions made in the preparation of this report. In particular, Valerie Hyde, CPA, who provided service above and beyond expectations and at the highest level of professionalism. We also appreciate the professional service and assistance rendered by CohnReznick LLP.

This comprehensive annual financial report reflects a commitment to the citizens of East Hampton, the Town Council, the Board of Finance, and all concerned readers of this report, to provide information in conformance with the highest standards of financial accountability.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeff Jylkka".

Jeffery M. Jylkka, CPA
Finance Director



Government Finance Officers Association

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

Presented to

**Town of East Hampton
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Financial Section

Independent Auditor's Report

Board of Finance
Town of East Hampton, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Hampton, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Hampton, Connecticut, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other post-employment benefit plan schedules on pages 11 to 20 and pages 69 to 76, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016, on our consideration of the Town of East Hampton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of East Hampton, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Hartford, Connecticut
December 22, 2016



TOWN OF EAST HAMPTON

20 East High Street
East Hampton, CT 06424

Michael Maniscalco

Town Manager
860.267.4468

Jeffery M. Jylkka

Finance Director
860.267.7548

Management's Discussion and Analysis Year Ended June 30, 2016

As management of the Town of East Hampton, we offer readers of the Town of East Hampton's financial statements this narrative overview and analysis of the financial activities of the Town of East Hampton for the fiscal year ended June 30, 2016.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$92,305,897 (*net position*). Of this amount, \$7,422,392 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$8,759,827. The increase is due substantially to capital assets additions in excess of depreciation expense net of long-term debt principal payments and an increase in pension expense.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,571,220, a decrease of \$7,828,401 in comparison with the prior year. This decrease is substantially due to expenditures in excess of revenues in the capital initiatives fund of \$6,723,562. The capital initiatives fund deficit was due substantially to expenditures incurred for the high school renovation project exceeding financing sources for this project in the current year. Of the total fund balance, \$6,637,887 is nonspendable, restricted, committed or assigned, leaving an *unassigned fund balance* in the amount of \$4,933,333.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,959,395, a decrease of \$105,005 in comparison with the prior year. This fund balance represents 12.1% of total budgetary general fund expenditures and transfers out.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of East Hampton'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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The *statement of net position* and *statement of activities* report information about the Town as a whole and about its activities in a way that helps answer this question.

Management's Discussion and Analysis (continued)

These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

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

You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event 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 the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works and utilities, culture and recreation, civic and human services, regulatory and education.

Fund financial statements. The fund financial statements provide detailed information about the most significant funds; not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town establishes many other funds to help it maintain control and manage money that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance related legal requirements for using certain grants. 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 resources, 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.

Management's Discussion and Analysis (continued)

The Town reports 19 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, capital initiatives fund and capital reserve fund all of which are considered to be major funds. 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 in Schedules 5 and 6 in this report.

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

Proprietary fund. The Town maintains two proprietary funds. 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 its self-insured dental benefits and Board of Education retiree medical benefits. Because these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The data for the internal service funds is provided in Exhibits G, H and I of this report.

Fiduciary funds. The Town is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position (Exhibits J and K). We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to 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 net pension liability and the progress in funding its obligation to provide pension and other post-employment 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. Combining and individual fund statements and schedules can be found in Schedules 5 and 6 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's combined net position increased by 10.5% from a year ago – increasing from \$83,546,070 to \$92,305,897.

By far the largest portion of the Town's net position (91.1%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), 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.

Summary Statement of Net Position
June 30, 2016 and 2015

	2016	2015
Current and other assets	\$ 25,410,130	\$ 30,446,435
Capital assets, net	118,974,018	94,529,941
Total assets	144,384,148	124,976,376
Deferred outflows of resources	3,644,292	1,592,558
Long-term liabilities outstanding	42,117,410	34,060,476
Other liabilities	13,605,133	8,962,388
Total liabilities	55,722,543	43,022,864
Net investment in capital assets	84,059,272	76,685,651
Restricted	824,233	638,069
Unrestricted	7,422,392	6,222,350
Total net position	\$ 92,305,897	\$ 83,546,070

A portion of the Town's net position (0.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (8.0%) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's net position increased by \$8,759,827. Key elements of this increase are as follows:

- Capital assets addition in excess of depreciation totaled \$24,489,002.
- Reduced by expenditures in excess of revenues of \$6,723,562 for the capital initiatives fund due to the funding of expenditures in the prior year
- Reduced by net debt related activity of \$6,174,145 and pension expense of \$1,254,527.

Statement of Changes in Net Position
Years Ended June 30, 2016 and 2015

	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 4,032,398	\$ 3,670,111
Operating grants and contributions	13,052,314	11,819,345
Capital grants and contributions	10,431,742	6,813,942
General revenues:		
Property taxes	32,164,130	31,378,784
Grants and contributions not restricted to specific programs	152,200	237,767
Investment income	102,101	236,524
Other	27,402	45,840
Total revenues	59,962,287	54,202,313
Expenses:		
General government	3,257,116	2,847,076
Public safety	3,391,168	3,150,700
Civic and human services	509,796	1,032,383
Public works and utilities	6,207,110	6,445,962
Education	34,928,883	33,265,577
Regulatory	567,332	509,982
Culture and recreation	1,729,557	1,539,637
Interest	611,498	89,742
Total expenses	51,202,460	48,881,059
Change in net position	8,759,827	5,321,254
Net position - July 1	83,546,070	78,224,816
Net position - June 30	\$ 92,305,897	\$ 83,546,070

Significant changes in revenues and expenses as compared to the prior year are as follows:

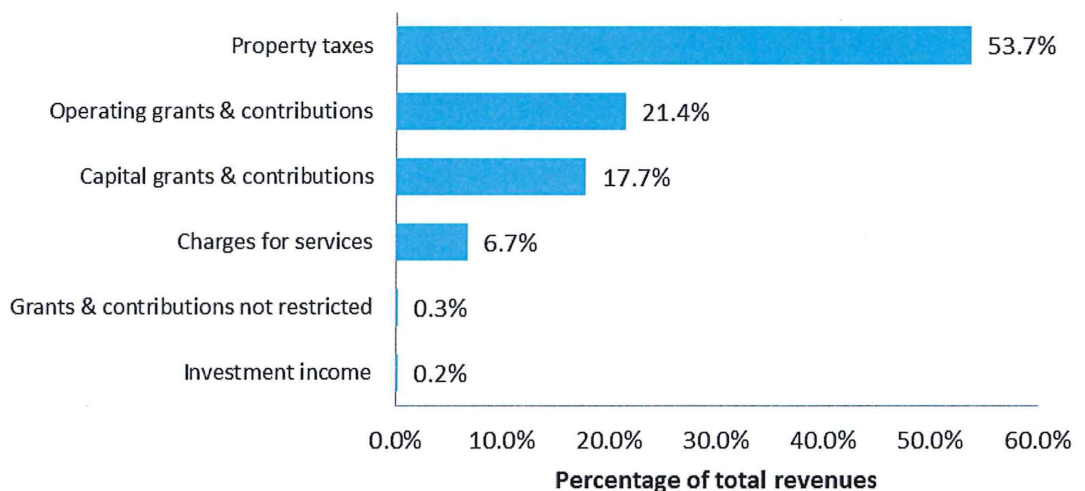
Revenues:

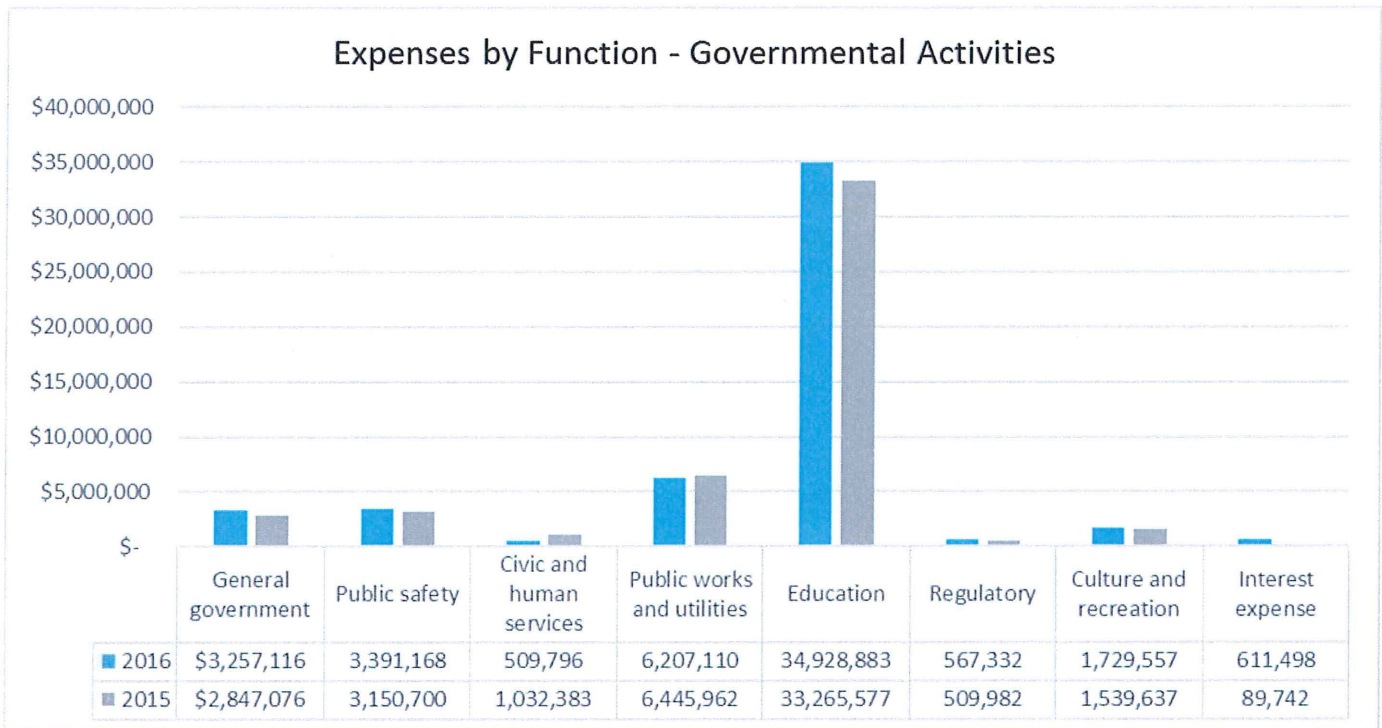
- The \$785,346 increase in property taxes was due to increase in the budget and, therefore, the related tax levy.
- Operating grants and contributions increased by \$1,232,969 substantially due to an increase in the State Teachers' Retirement on-behalf amount and education grants as compared to the prior year.
- Capital grants and contributions increased by \$3,617,800 substantially due to the receipt of the State of Connecticut school construction grant during the year for the High School renovation project.

Expenses:

- General government expenses increased by \$410,040 due and increase in pension expense and other employee benefits.
- Civic and human services expenses decreased by \$522,587 due to decreased expenses related to the Chatham Acres project that began in fiscal year 2014 and was substantially completed during 2015.
- Education expenses increased by \$1,663,306 primarily as a result of the increase in the budget and an increase in the retirement plan contributions made by the State on-behalf of the Town's teachers.
- Interest expenses increased by \$521,756 due to the \$21,225,000 of bonds issued during the year.

Revenue by Source - Governmental Activities





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, unassigned 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, the Town's governmental funds reported combined ending fund balances of \$11,571,220. \$6,637,887 is not available for new spending because it has already been classified as 1) nonspendable (\$15,500) for the library endowment, 2) restricted (\$808,733), 3) committed (\$5,699,789) and 4) assigned (\$113,865).

The total fund balance decreased by \$7,828,401 to \$11,571,220. This decrease is a result the net change in fund balance in the capital initiatives fund of \$6,723,562. The capital initiatives fund deficit was due substantially to expenditures incurred for the high school renovation project exceeding financing sources for this project in the current year.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,959,395. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 12.1% of total general fund expenditures and transfers out.

Capital Initiatives Fund. This fund accounts for financial resources to be used for the acquisition of major equipment or construction of facilities. The capital initiatives fund's expenditures exceeded its revenues and other financing sources by \$6,723,562 substantially as a result of increased expenditures for the high school renovation project that were funded in the prior year.

Capital Reserve Fund. This fund accounts for financial resources to be used for capital and non-recurring projects. The primary source of funding is an annual appropriation from the general fund. The capital reserve fund's expenditures exceed its revenues and transfers by \$62,151 as a result of timing of funding and capital purchases.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$306,000. The increase in budget is due to use of fund balance to fund \$250,000 of the costs relating to the regionalization of public safety dispatch services with the Town of Glastonbury. \$56,000 was also appropriated from fund balance and transferred to the Capital Reserve Fund to acquire property located at 2 Bevin Blvd. Town Council ultimately decided against the purchase and the funds were subsequently returned to the General Fund.

Significant budget transfers made during the year were as follows:

- The town hall/annex building repair account received transfers of \$20,440 from the employee benefits account which accounts for costs associated with well and water system repairs.
- The police overtime account received transfers of \$49,500 from the employee benefits account for costs associated with overtime relating to staff shortages.

Capital Assets and Debt Administration

Capital assets. At year end, the Town of East Hampton's capital assets totaled \$118,974,018, net of accumulated depreciation. This includes land, buildings, land improvements, machinery and equipment, roads, bridges, intangible assets and construction in progress. The increase in the Town's capital assets for the current fiscal year was \$24,444,077 or (25.9%). This increase is largely due to the increase in construction in progress, primarily for the High School renovation project of \$22,926,770, fire truck of \$805,017 and sludge thickener improvement project of \$1,209,894.

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

- Machinery and equipment additions of \$561,679, which included the following:
 - Trackless tractor (\$153,746)
 - International cab and chassis (\$175,506)
 - Network hardware (\$50,672)

Capital Assets (Net of Accumulated Depreciation)

	2016	2015
Land	\$ 2,487,362	\$ 2,343,992
Intangible assets	708,950	712,600
Construction in progress	43,647,438	18,142,810
Buildings	29,461,456	30,449,668
Improvements other than buildings	145,941	152,547
Machinery and equipment	4,539,393	4,512,305
Infrastructure	37,983,478	38,216,019
Total	<u>\$ 118,974,018</u>	<u>\$ 94,529,941</u>

Additional information on the Town's capital assets can be found in Note III. C.

Long-term debt. At the end of the current fiscal year, the Town had total long-term debt of \$28,938,129, an increase of \$5,081,429 as compared to the prior year. The increase is due a general obligation bond debt issuance of \$4,810,000 net with \$720,000 of annual principal debt payments. All debt is backed by the full faith and credit of the Town. The decrease in bond anticipation notes is due to these notes being permanently financed in the bond issuance in the current year.

**Outstanding Debt
Long-Term Obligations**

	2016	2015
General obligation bonds	\$27,715,000	\$ 7,210,000
Bond anticipation notes	-	16,415,000
Clean water notes	157,650	184,498
Bond premium	1,065,479	47,202
Total	<u>\$28,938,129</u>	<u>\$ 23,856,700</u>

In December 2015, the Town received a bond rating upgrade to "AAA" from Standard and Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees. The current debt limitation for the Town is \$223,149,794, 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 III. F.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town is currently 5.0%. This is lower than both the state's average unemployment rate of 5.9% and the Hartford Labor Market rate of 6.3%. The Town is slightly above the national average of 4.9%.
- According to the Bureau of Census American Community Survey 5-Year Estimates, 2011-2015, per capita income in East Hampton was \$41,578 compared to Middlesex County (\$41,277) and the State (\$38,803). Median family income was \$112,330 versus \$101,995 for the county and \$89,031 for the State. The percent of families below poverty level was 2.3% for the Town. The county percentage was 4.3% and the State's was 7.6%.
- The net taxable grand list for fiscal year 2017 decreased approximately 1.4%. This decrease was primarily driven by property revaluation.
- Funding for formulary grants from the State of Connecticut remains flat. Since 2007 the percent of total general fund revenue from state grants has dropped from 25.4% to 20.2%. This downward trend has been factored into our intergovernmental revenue estimates.
- The total number of building permits for fiscal year 2016 increased from 1,003 to 1,248 or 24.4% over last fiscal year. The increase in permits issued is a positive sign and as a result our revenue estimates have been adjusted upward accordingly.

Management's Discussion and Analysis (continued)

- The Town signed an agreement with Connecticut Natural Gas (CNG) to bring natural gas into the Town and is one of CNG's largest expansions in recent decades. As a condition for the expansion the Town agreed to convert substantially all oil fired burners to natural gas. Additionally, the Town has agreed to pay CNG amounts equal to a portion of their property taxes related to the expansion, for the next 6 years.
- Debt service payments have increased by approximately \$1,600,000 compared to 2015-2016. This increase is primarily due to debt issued to finance the High School renovation project. To lessen the overall impact, \$400,000 was budgeted to be transferred from the Capital Reserve Fund (mill rate stabilization account) to the General Fund.

All of these factors were considered in preparing the Town's budget for the 2017 fiscal year.

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 Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director's Office, Town of East Hampton, 20 East High Street, East Hampton, CT 06424.

Basic Financial Statements

Town of East Hampton, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2016

<u>Assets</u>	
Current assets:	
Cash	\$ 21,655,070
Investments	79,410
Receivables:	
Property taxes	749,733
Assessments	227,430
Intergovernmental	453,940
Loans	4,100
Other	76,825
Other assets	<u>28,478</u>
Total current assets	<u>23,274,986</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted investments	1,036
Permanently restricted investments	<u>15,500</u>
Total restricted assets	<u>16,536</u>
Receivables (net):	
Property taxes	1,672,664
Assessments	268,387
Loans	<u>177,557</u>
Total receivables (net)	<u>2,118,608</u>
Capital assets (net of accumulated depreciation and amortization)	
Land	2,487,362
Intangible assets (net)	708,950
Construction in progress	43,647,438
Buildings	29,461,456
Improvements other than buildings	145,941
Machinery and equipment	4,539,393
Infrastructure	<u>37,983,478</u>
Total capital assets (net of accumulated depreciation and amortization)	<u>118,974,018</u>
Total noncurrent assets	<u>121,109,162</u>
Total assets	<u>144,384,148</u>
<u>Deferred Outflows of Resources</u>	
Pension related (differences between assumptions used and actual experience)	<u>3,644,292</u>

(Continued)

Town of East Hampton, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2016

<u>Liabilities</u>	
Current liabilities:	
Accounts payable and other payables	\$ 4,945,350
Accrued liabilities	300,561
Accrued payroll	322,958
Accrued interest payable	452,553
Unearned revenue	107,132
Bond anticipation notes	5,000,000
Bonds and notes payable	1,732,390
Capital lease payable	199,134
Compensated absences	135,749
Early retirement incentive	9,306
Environmental obligation	400,000
	<hr/>
Total current liabilities	13,605,133
	<hr/>
Noncurrent liabilities:	
Bonds, notes and related liabilities	27,205,739
Capital lease payable	777,483
Compensated absences	1,199,632
Net pension liability	10,453,647
Net OPEB obligation	2,094,949
Early retirement incentive	35,960
Environmental obligation	350,000
	<hr/>
Total noncurrent liabilities	42,117,410
	<hr/>
Total liabilities	55,722,543
	<hr/>
<u>Net Position</u>	
Net investment in capital assets	84,059,272
Restricted for:	
Endowments:	
Expendable	1,036
Nonexpendable	15,500
Public works	671,657
Education	136,040
Unrestricted	7,422,392
	<hr/>
Total net position	\$ 92,305,897
	<hr/>

(Concluded)

Town of East Hampton, Connecticut

Statement of Activities
Governmental Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 3,257,116	\$ 354,803	\$ 45,417	\$ -	\$ (2,856,896)
Public safety	3,391,168	172,264	15,060	-	(3,203,844)
Civic and human services	509,796	975	15,911	-	(492,910)
Public works and utilities	6,207,110	2,460,626	691,396	-	(3,055,088)
Education	34,928,883	575,870	12,257,792	10,431,742	(11,663,479)
Regulatory	567,332	201,477	-	-	(365,855)
Culture and recreation	1,729,557	266,383	26,738	-	(1,436,436)
Interest expense	611,498	-	-	-	(611,498)
Total	\$ 51,202,460	\$ 4,032,398	\$ 13,052,314	\$ 10,431,742	\$ (23,686,006)
General Revenues:					
Property taxes					\$ 32,164,130
Grants and contributions not restricted to specific programs					152,200
Investment income					102,101
Miscellaneous					27,402
Total general revenues					32,445,833
Change in net position					8,759,827
Net position - July 1, 2015					83,546,070
Net position - June 30, 2016					\$ 92,305,897

See Notes to Financial Statements.

Town of East Hampton, Connecticut

Balance Sheet
Governmental Funds
June 30, 2016

	General	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
<u>Assets</u>					
Cash	\$ 10,612,560	\$ 5,596,752	\$ 1,479,294	\$ 3,879,007	\$ 21,567,613
Investments	79,410	-	-	16,536	95,946
Receivables:					
Property taxes	1,866,839	-	-	-	1,866,839
Assessments and use charges	-	-	-	390,766	390,766
Intergovernmental	355	27,922	223,777	201,886	453,940
Loans	-	-	-	208,857	208,857
Other	21,274	-	42,857	12,694	76,825
Due from other funds	67,333	4,335,045	1,445,031	324,744	6,172,153
Other	23,039	-	-	5,439	28,478
Total assets	\$ 12,670,810	\$ 9,959,719	\$ 3,190,959	\$ 5,039,929	\$ 30,861,417
<u>Liabilities</u>					
Accounts and other payables	\$ 1,007,275	\$ 3,302,591	\$ 263,865	\$ 333,361	\$ 4,907,092
Accrued liabilities	247,290	53,271	-	-	300,561
Accrued payroll	322,958	-	-	-	322,958
Bans payable	-	5,000,000	-	-	5,000,000
Due to other funds	4,442,198	1,629,919	-	307,625	6,379,742
Unearned revenue	2,630	-	-	104,502	107,132
Total liabilities	6,022,351	9,985,781	263,865	745,488	17,017,485
<u>Deferred Inflows of Resources</u>					
Unavailable revenues:					
Property taxes	1,689,064	-	-	-	1,689,064
Water charges	-	-	-	12,651	12,651
Loans	-	-	-	208,857	208,857
Sewer assessment and use charges	-	-	-	362,140	362,140
Total deferred inflows of resources	1,689,064	-	-	583,648	2,272,712
<u>Fund Balances</u>					
Nonspendable	-	-	-	15,500	15,500
Restricted	-	-	-	808,733	808,733
Committed	-	-	2,927,094	2,772,695	5,699,789
Assigned	-	-	-	113,865	113,865
Unassigned	4,959,395	(26,062)	-	-	4,933,333
Total fund balances	4,959,395	(26,062)	2,927,094	3,710,793	11,571,220
Total liabilities, deferred inflows of resources and fund balances	\$ 12,670,810	\$ 9,959,719	\$ 3,190,959	\$ 5,039,929	\$ 30,861,417

(Continued)

Town of East Hampton, Connecticut

Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2016

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C, page 1) \$ 11,571,220

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

Beginning capital assets	94,529,941
Current capital asset additions (net of construction in progress decreases)	26,449,382
Depreciation expense	(1,960,380)
Disposal and sale of capital assets	(44,925)

Other long-term assets and deferred outflows are not available resources and, therefore, are not reported in the funds:

Property tax and sewer assessment interest and lien accrual	821,728
Allowance for doubtful accounts	(188,319)
Deferred outflows related to pensions	3,644,292

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

Property tax, water charges, sewer assessment, and loans receivable - accrual basis change	2,272,712
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Internal service funds are used by management to charge the cost of insurance premiums and benefits to individual departments:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	247,482
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Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(27,872,650)
Premiums	(1,065,479)
Capital lease	(976,617)
Compensated absences	(1,335,381)
Net pension liability	(10,453,647)
Net OPEB obligation	(2,094,949)
Environmental obligation	(750,000)
Early retirement incentive	(35,960)
Accrued interest payable	(452,553)

Net position of governmental activities (Exhibit A)	\$ <u>92,305,897</u>
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See Notes to Financial Statements.

(Concluded)

Town of East Hampton, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	General	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 31,981,176	\$ -	\$ -	\$ -	\$ 31,981,176
Intergovernmental	11,433,052	10,385,212	223,777	1,397,411	23,439,452
Charges for services	602,999	-	5,805	3,349,113	3,957,917
Income from investments	21,548	64,897	2,141	13,515	102,101
Contributions and donations	-	-	-	53,434	53,434
Miscellaneous	18,554	1,100	-	7,748	27,402
Total revenues	44,057,329	10,451,209	231,723	4,821,221	59,561,482
Expenditures:					
Current:					
General government	3,405,830	-	350,507	147,731	3,904,068
Public safety	2,373,699	-	27,887	175,426	2,577,012
Public works and utilities	2,175,339	100,556	703,104	2,077,248	5,056,247
Culture and recreation	1,002,582	23,520	-	263,220	1,289,322
Civic and human services	397,320	-	-	23,508	420,828
Regulatory	422,147	-	-	-	422,147
Education	31,881,405	-	62,781	1,814,988	33,759,174
Debt service	1,068,094	-	-	30,293	1,098,387
Capital outlay	-	22,976,719	1,663,515	1,210,494	25,850,728
Total expenditures	42,726,416	23,100,795	2,807,794	5,742,908	74,377,913
Excess (deficiency) of revenues over expenditures	1,330,913	(12,649,586)	(2,576,071)	(921,687)	(14,816,431)
Other financing sources (uses):					
Issuance of debt	-	4,810,000	-	-	4,810,000
Premium	-	1,116,024	-	-	1,116,024
Capital lease proceeds	-	-	1,062,006	-	1,062,006
Transfers in	56,000	-	1,507,914	37,500	1,601,414
Transfers out	(1,491,918)	-	(56,000)	(53,496)	(1,601,414)
Total other financing sources (uses)	(1,435,918)	5,926,024	2,513,920	(15,996)	6,988,030
Net change in fund balances	(105,005)	(6,723,562)	(62,151)	(937,683)	(7,828,401)
Fund balances - July 1, 2015	5,064,400	6,697,500	2,989,245	4,648,476	19,399,621
Fund balances - June 30, 2016	\$ 4,959,395	\$ (26,062)	\$ 2,927,094	\$ 3,710,793	\$ 11,571,220

See Notes to Financial Statements.

Town of East Hampton, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
Year Ended June 30, 2016**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are due to:

Net change in fund balances - Total Governmental Funds (Exhibit D) \$ (7,828,401)

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. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	26,449,382
Depreciation expense	<u>(1,960,380)</u>
Total	<u>24,489,002</u>

The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net position. 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 position differs from the change in fund balance by the cost of the capital assets sold.

Disposal of capital assets	<u>(44,925)</u>
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the statement of activities:

Change in property tax, water charges, sewer assessment, and community development block grant receivable - accrual basis change	212,578
Change in property tax and sewer assessment interest and lien revenue	53,976
Change in property tax and sewer assessment allowance for doubtful accounts	<u>(9,119)</u>
Total	<u>257,435</u>

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 position. Also, governmental funds report the effect of 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 these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
General obligation bonds and notes	(4,810,000)
Premium on bonds	(1,048,987)
Capital leases	(1,062,006)
Principal repayments:	
General obligation bonds and notes	746,848
Capital lease	<u>85,389</u>
Total	<u>(6,088,756)</u>

(Continued)

Town of East Hampton, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
Year Ended June 30, 2016**

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:

Amortization of bond premium	\$ 30,710
Early retirement incentive	14,397
Compensated absences	43,905
Net OPEB obligation	(295,687)
Pension expense	(1,254,527)
Accrued interest payable	<u>(357,706)</u>
Total	<u>(1,818,908)</u>
Internal Service Funds are used by management to charge costs of various self-insured risk premiums to individual departments	<u>(205,620)</u>
Change in net position of Governmental Activities (Exhibit B)	\$ <u><u>8,759,827</u></u>
	(Concluded)

Town of East Hampton, Connecticut

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 32,122,485	\$ 32,122,485	\$ 31,981,176	\$ (141,309)
Intergovernmental	8,400,370	8,400,370	8,309,375	(90,995)
Charges for services	492,505	492,505	602,999	110,494
Investment income	22,500	22,500	21,548	(952)
Miscellaneous	9,650	9,650	18,554	8,904
Total revenues	41,047,510	41,047,510	40,933,652	(113,858)
Expenditures:				
Current:				
General government	3,579,089	3,495,530	3,405,830	89,700
Public safety	2,341,247	2,410,257	2,373,699	36,558
Public works	2,212,886	2,210,744	2,175,339	35,405
Regulatory	429,791	429,791	422,147	7,644
Health and human services	406,885	406,885	397,320	9,565
Culture and recreation	1,005,938	1,008,883	1,002,582	6,301
Education	28,776,785	28,776,785	28,757,728	19,057
Debt service	1,122,717	1,122,717	1,068,094	54,623
Total expenditures	39,875,338	39,861,592	39,602,739	258,853
Excess (deficiency) of revenues over expenditures	1,172,172	1,185,918	1,330,913	144,995
Other financing sources (uses):				
Transfers in	-	-	56,000	56,000
Appropriation of fund balance	-	306,000	-	(306,000)
Transfers out	(1,172,172)	(1,491,918)	(1,491,918)	-
Net other financing sources (uses)	(1,172,172)	(1,185,918)	(1,435,918)	(250,000)
Net change in fund balance	\$ -	\$ -	(105,005)	\$ (105,005)
Fund balance - July 1, 2015			5,064,400	
Fund balance - June 30, 2016			\$ 4,959,395	

See Notes to Financial Statements.

Town of East Hampton, Connecticut**Statement of Net Position
Proprietary Funds
June 30, 2016**

	Internal Service Funds
<hr/>	
<u>Assets</u>	
Current assets:	
Cash	\$ 87,457
Due from other funds	<u>197,639</u>
Total assets	285,096
 <u>Liability</u>	
Current liability:	
Claims payable	<u>37,614</u>
 <u>Net Position</u>	
Unrestricted	<u><u>\$ 247,482</u></u>

Town of East Hampton, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2016

	Internal Service Funds
Operating revenues:	
Charges for services	\$ 110,458
Operating expenses:	
Claims	293,639
Administration	22,439
Total operating expenses	316,078
Change in net position	(205,620)
Total net position - July 1, 2015	453,102
Total net position - June 30, 2016	\$ 247,482

Town of East Hampton, Connecticut

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2016

	Internal Service Funds
Cash flows from operating activities:	
Cash received for charges for services	\$ 110,688
Cash paid for benefits and claims	(275,388)
Cash paid for administration	<u>(22,439)</u>
Net cash provided by (used in) operating activities and	
Net increase (decrease) in cash	(187,139)
Cash - July 1, 2015	<u>274,596</u>
Cash - June 30, 2016	<u><u>\$ 87,457</u></u>
Reconciliation of operating income (loss) to net cash	
provided by (used in) operating activities:	
Operating income (loss)	\$ (205,620)
Adjustments to reconcile operating income (loss) to net cash provided	
by (used in) operating activities:	
(Increase) decrease in:	
Due from other funds	230
Increase (decrease) in:	
Claims payable	<u>18,251</u>
Net cash provided by (used in) operating activities	<u><u>\$ (187,139)</u></u>

Town of East Hampton, Connecticut

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2016

	Pension Trust Fund	Agency Funds
<hr/>		
<u>Assets</u>		
Cash	\$ 32,441	\$ 493,823
Investments:		
Mutual funds:		
Equity	16,405,542	704,958
Government agency securities	-	188,820
U.S. government bonds	3,346,404	161,875
Corporate bonds	4,371,945	-
International bonds	1,307,583	-
Money market	231,269	-
Real estate limited partnership	1,444,070	-
	<hr/>	
Total investments	27,106,813	1,055,653
Due from other funds	-	9,950
	<hr/>	
Total assets	27,139,254	1,559,426
<u>Liabilities</u>		
Accounts payable	11,630	1,559,426
	<hr/>	
Net position restricted for pension benefits	\$ 27,127,624	\$ -
	<hr/>	

Town of East Hampton, Connecticut

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year Ended June 30, 2016

	Pension Trust Fund
Additions:	
Contributions:	
Employer	\$ 960,000
Plan members	421,156
	<hr/>
Total contributions	1,381,156
	<hr/>
Investment income (loss):	
Net change in fair value of investments	(457,547)
Interest and dividends	514,928
	<hr/>
Total investment income (loss)	57,381
Less investment expenses	(46,192)
	<hr/>
Net investment income (loss)	11,189
	<hr/>
Total additions	1,392,345
	<hr/>
Deductions	
Benefits	1,751,356
Administration	57,552
	<hr/>
Total deductions	1,808,908
	<hr/>
Change in net position	(416,563)
Net position - July 1, 2015	27,544,187
	<hr/>
Net position - June 30, 2016	\$ 27,127,624
	<hr/> <hr/>

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016**History and organization**

The Town operates under a Charter which became effective in November 1973 and was revised in November 1987. The form of government includes an elected seven-member Town Council, which elects a chairman, an elected nine-member Board of Education and an elected seven-member Board of Finance.

The legislative power of the Town is vested with the Town Council and the Town Meeting. The Town Council may enact, amend or repeal ordinances and resolutions. The administration of Town offices and agencies, with the exception of the Board of Education, is the responsibility of the Town Manager, who is appointed by the Town Council.

The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets to the Town Council for Town Meeting approval.

I. Summary of significant accounting policies**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

B. 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 have no 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 of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Town of East Hampton, Connecticut

Notes to Financial Statements

June 30, 2016

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. Tax 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 tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. For reimbursement grants the Town considers revenues to be available if they are collected within one year 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. General capital asset acquisitions are reported as expenditures in governmental funds.

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

The Town reports the following major governmental funds:

The *General Fund* is the Town'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 *Capital Initiatives Fund* is used to account for various capital projects and equipment purchases.

The *Capital Reserve Fund* is used for various capital and nonrecurring projects.

Additionally, the Town reports the following fund types:

The *Internal Service Funds* account for risk financing activities for dental insurance benefits and Board of Education retiree benefits.

The *Pension Trust Fund* accounts for the activities of the East Hampton Employee Retirement System which accumulates resources for pension benefit payments to qualified employees.

The *Agency Funds* account for monies held on behalf of students and for performance bonds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

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 Town Departments for various types of self-insurance. Operating expenses for the internal service funds include the cost of insurance and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town of East Hampton pension plan and the Connecticut State Teachers' Retirement System (TRS) have been determined on the same basis as they are reported by the Town of East Hampton pension plan and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity**1. Deposits and investments**

Deposits - The Town considers cash and 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 acquisition.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned.

Investments for the Town are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. The balance of the pooled fixed income investments was invested in a 2a-7 like pool, which operates under State Statutes. The fair value of the position in the pool is the same as the value of the pool shares.

The Town's pension plan investment policy targets are 65% equities, 30% fixed income and 5% real estate.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016**2. Receivables and payables****a. 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).

b. Property taxes and other receivables

In the government-wide financial statements, property tax and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 13 percent of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, property tax revenues are recognized when they become available. Taxes collected during the 60 day period have been recorded as revenue. All property taxes receivable, which have not been collected within 60 days of June 30, have been recorded as deferred inflow of resources, since they are not considered to be available to finance expenditures of the current fiscal year.

Loans receivable consist of Community Development Block Grant loans. The Town provides low interest loans for residential rehabilitation as well as loans to local businesses for facility improvements.

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 January 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

3. Restricted assets

The restricted assets for the Town are restricted for endowment purposes. The trust agreement restricts the expenditure of the investment income only for the designated purpose.

4. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns 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 one year. 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.

Intangible assets include a permanent easement, which is not amortized.

Town of East Hampton, Connecticut

Notes to Financial Statements

June 30, 2016

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Intangible assets	5-10
Buildings	20-95
Improvements other than buildings	10-25
Machinery and equipment	3-40
Infrastructure	20-65

5. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions for differences between expected and actual experience, changes in assumptions and return on investments. Experience differences and changes in assumptions will be amortized over the average remaining service life of all plan members. Return on investment will be amortized over a five year period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes (including advance collections, if any), water charges, sewer assessment and use charges and loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Net position flow assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

7. Compensated absences

The Town allows employees to accumulate earned but unused vacation and sick pay benefits. The rate that these benefits are earned and accumulate varies by bargaining unit. Upon severance from employment with the Town, employees are paid by a prescribed formula for these accrued absences. All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources. Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal year end.

Town of East Hampton, Connecticut

Notes to Financial Statements

June 30, 2016

8. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

9. Fund equity and net position

In the government-wide financial statements, net position is classified into the following categories:

Net investment in capital assets

This category presents the net position that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.

Restricted net position

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

Unrestricted net position

This category presents the net position of the Town which is not restricted.

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016Committed

This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through resolutions approved by Town Council or Town Meeting.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by Town Council or by the issuance of a properly approved purchase order.

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless Town Council has provided otherwise in its commitment or assignment actions.

The Town Council adopted a minimum fund balance policy for the General Fund. The policy requires the Town to strive to maintain an unassigned general fund balance of not less than 8 percent nor more than 10 percent of current year budgeted general fund operating expenditures.

10. Use of 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. Accordingly, actual results could differ from those estimates.

11. Reclassifications

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

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016**II. Stewardship, compliance and accountability****A. Budgets and budgetary accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

- The Town Council submits to the Board of Finance a policy statement outlining its annual budget goals and objectives for the ensuing fiscal year. The Town Manager compiles preliminary estimates for all departments and agencies, with the exception of the Board of Education, for the annual budget for presentation to the Board of Finance. The Board of Education submits its estimates to the Town Manager who makes a recommendation directly to the Board of Finance.
- The Board of Finance compiles a total budget based upon the Town Council's policy statement and the financial availability of Town funds, holds one or more public hearings on its proposal and presents a recommended budget to the Town Council no later than April 15. After making alterations or reductions, as they deem necessary, the Council submits its proposed budget to the Town Meeting for approval.
- The Board of Finance reviews and makes recommendations regarding all requests for additional appropriations to be submitted to the Town Council. Additional appropriations from fund balance that exceed \$25,000 must be approved by Town Meeting. Additional appropriations from fund balance below \$25,000, as well as additional appropriations from revised revenue, must be approved by Town Council.

There was an additional appropriation during the year of \$306,000 from fund balance for the purchase of property and expenses related to Glastonbury dispatch.

- 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 is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education approval and then the Board of Finance reviews and makes recommendations regarding all requests for additional appropriations to be submitted to the Town Council. Additional appropriations from fund balance that exceed \$25,000 must be approved by Town Meeting.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

B. Budget - GAAP reconciliation

A reconciliation of revenues and expenditures between the accounting treatment required by GAAP (Exhibit D) and budgetary requirements (Exhibit F) is as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Balance, budgetary basis, Exhibit F	\$ 40,933,652	\$ 39,602,739
State Teachers' Retirement on-behalf amount	<u>3,123,677</u>	<u>3,123,677</u>
Balance, GAAP basis, Exhibit D	<u>\$ 44,057,329</u>	<u>\$ 42,726,416</u>

C. Capital projects authorizations

The following is a summary of the project status for current Capital Projects:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
2012 Public Works Road Project	\$ 3,720,000	\$ 3,236,567	\$ 483,433
Brewer Road Pavement Rehabilitation	408,500	489,431	(80,931)
Christopher Brook Culvert Replacement	<u>512,000</u>	<u>209,068</u>	<u>302,932</u>
Total Road Projects	4,640,500	3,935,066	705,434
High School Renovation Project - Phase I	200,080	183,148	16,932
High School Renovation Project - Phase II	51,695,000	38,650,140	13,044,860
Fire Department Triple Pumper	645,000	643,794	1,206
Memorial School Oil Tank	150,000	139,276	10,724
Memorial School Roof	3,290,000	2,762,216	527,784
Public Safety Dispatch	439,710	7,988	431,722
Oakum Dock water easement	790,500	733,487	57,013
Chatham Acres Housing Renovations	800,000	800,000	-
Water Tower Demolition	<u>200,000</u>	<u>192,194</u>	<u>7,806</u>
Total	<u>\$ 62,850,790</u>	<u>\$ 48,047,309</u>	<u>\$ 14,803,481</u>

The Brewer Road project is over expended due to unexpected architectural oversight costs related to grant compliance. The Town is expected to approve an additional project authorization before the project is completed.

D. Donor-restricted endowments

The Town has received certain endowments for library operations purposes. The amounts are reflected in net position as restricted for the library. Investment income (including appreciation) is approved for expenditure by the library director.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

At fiscal year end, there is no appreciation available for appropriation.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

III. Detailed notes

A. Cash and investments

Deposits - custodial credit risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$21,527,541 of the Town's bank balance of \$24,046,077 (including certificates of deposit classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 19,124,786
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>2,402,755</u>
Total amount subject to custodial credit risk	<u>\$ 21,527,541</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

The Town's investments (including restricted investments) consisted of the following:

Type of Investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	1-5 Years	5-10 Years
<u>Mutual funds:</u>					
Equity	\$ 17,110,500	\$ 17,110,500	\$ -	\$ -	\$ -
Government agency securities	188,820	-	188,820	-	-
U.S. government bonds	3,508,279	-	-	1,563,396	1,944,883
Corporate bonds	4,371,945	-	-	-	4,371,945
International bonds	1,307,583	-	-	1,307,583	-
Money market	231,269	-	231,269	-	-
Real estate limited partnership	1,444,070	1,444,070	-	-	-
Certificates of deposit	16,536	-	16,536	-	-
Pooled fixed income	79,410	-	79,410	-	-
Total	<u>\$ 28,258,412</u>	<u>\$ 18,554,570</u>	<u>\$ 516,035</u>	<u>\$ 2,870,979</u>	<u>\$ 6,316,828</u>

Fair value of investments

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted prices; and
- Level 3: Unobservable inputs

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

The Town had the following recurring fair value measurements:

	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments by fair value level				
<u>Mutual Funds:</u>				
Money market	\$ 231,269	\$ 231,269	\$ -	\$ -
Equity	17,110,500	17,110,500	-	-
Corporate bonds	4,371,945	4,371,945	-	-
Government agency securities	188,820	188,820	-	-
International bonds	1,307,583	1,307,583	-	-
U.S. government bonds	3,508,279	-	3,508,279	-
Total investments by fair value level	26,718,396	\$ 23,210,117	\$ 3,508,279	\$ -
<u>Investments measured at Net Asset Values (NAV)</u>				
Real estate limited partnership	1,444,070			
<u>Other Investments not subject to fair value measurement</u>				
Certificates of deposit	16,536			
Pooled fixed income	79,410			
Total other investments	95,946			
Total Investments	\$ 28,258,412			

Securities classified in Level 1 are valued using prices quoted in active markets for those securities. Securities classified in Level 2 are valued using quoted prices for identical securities in markets that are not active.

Investments Measured at NAV

Investment Description	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate limited partnership	\$ 1,444,070	\$ -	Quarterly	90 days

Real estate limited partnership. This limited partnership invests primarily in stabilized, income producing, equity U.S. commercial real estate. The fund permits redemptions quarterly with 90 days notices. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Town's ownership interest in net assets.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

Interest rate risk - To minimize interest rate risk, the Town's policy requires the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds should primarily be invested in shorter-term securities, money market funds or similar investment pools.

Credit risk - The Town's policy states credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institutions and advisors with which the Town will do business. The investment portfolio must be diversified so that potential losses on individual securities will be minimized.

The Town's investments subject to credit risk have average ratings by Standard & Poor's as follows:

Ratings	Mutual Funds				
	Government Agency Securities	Corporate Bonds	International Bonds	Money Market	Pooled Fixed Income
AAA	\$188,820	\$ -	\$ -	\$ 231,269	\$ 79,410
A	-	4,371,945	-	-	-
BB	-	-	1,307,583	-	-
Total	\$188,820	\$ 4,371,945	\$ 1,307,583	\$ 231,269	\$ 79,410

Custodial credit risk - The Town does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

The Town does not have any investments subject to custodial credit risk since the investments held are pooled investments or are held in the Town's name.

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below.

	Property Taxes		
	Taxes	Interest & Liens	Total
Current portion	\$ 678,409	\$ 71,324	\$ 749,733
Long-term portion	\$ 1,188,430	\$ 635,234	\$ 1,823,664
Less allowance for uncollectibles	(130,000)	(21,000)	(151,000)
Net long-term portion	\$ 1,058,430	\$ 614,234	\$ 1,672,664

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

	Sewer Use and Assessments			CDBG Loans
	Assessments	Interest & Liens	Total	
Current portion	\$ 175,736	\$ 51,694	\$ 227,430	\$ 4,100
Long-term portion	\$ 215,030	\$ 63,476	\$ 278,506	\$ 204,757
Less allowance for uncollectibles	(7,815)	(2,304)	(10,119)	(27,200)
Net long-term portion	\$ 207,215	\$ 61,172	\$ 268,387	\$ 177,557

C. Capital assets

Capital asset activity for the fiscal year was as follows:

	Beginning Balance July 1, 2015	Increases	Decreases	Ending Balance June 30, 2016
<u>Capital assets, not being depreciated:</u>				
Land	\$ 2,343,992	\$ 143,370	\$ -	\$ 2,487,362
Intangible assets	698,000	-	-	698,000
Construction in progress	18,142,810	25,504,628	-	43,647,438
Total capital assets, not being depreciated	21,184,802	25,647,998	-	46,832,800
<u>Capital assets, being depreciated:</u>				
Buildings	55,401,485	-	-	55,401,485
Intangible assets	60,000	-	-	60,000
Improvements other than buildings	226,937	-	-	226,937
Machinery and equipment	10,396,029	561,679	102,686	10,855,022
Infrastructure	45,771,416	239,705	-	46,011,121
Total capital assets, being depreciated	111,855,867	801,384	102,686	112,554,565
Total capital assets	133,040,669	26,449,382	102,686	159,387,365
<u>Less accumulated depreciation:</u>				
Buildings	24,951,817	988,212	-	25,940,029
Intangible assets	45,400	3,650	-	49,050
Improvements other than buildings	74,390	6,606	-	80,996
Machinery and equipment	5,883,724	489,666	57,761	6,315,629
Infrastructure	7,555,397	472,246	-	8,027,643
Total accumulated depreciation and amortization	38,510,728	1,960,380	57,761	40,413,347
Total capital assets, being depreciated, net	73,345,139	(1,158,966)	44,925	72,141,218
Capital assets, net	\$94,529,941	\$24,489,002	\$ 44,925	\$ 118,974,018

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

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

General government	\$ 14,344
Public safety	194,268
Public works and utilities	956,766
Civic and human services	3,432
Culture and recreation	104,881
Regulatory	3,458
Education	<u>683,231</u>
Total depreciation expense	<u>\$ 1,960,380</u>

Construction commitments

At year end, the Town's commitments with contractors were as follows:

<u>Project description:</u>	<u>Comittment</u>
Boiler Project	\$ 336,304
High School Renovation	<u>9,094,336</u>
Total	<u>\$ 9,430,640</u>

D. Interfund accounts**1. Interfund payables and receivables**

A summary of interfund balances is as follows:

<u>Major funds:</u>	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
General fund:			
Miscellaneous grants	N/A	\$ 14,320	\$ -
Debt service	N/A	-	62,155
Public safety	N/A	1,469	-
Culture and recreation	N/A	-	210
Education grant	N/A	-	77,143
Community development	N/A	21,701	-
Capital reserve	N/A	-	348
Capital initiatives	N/A	-	4,292,260
WPCA joint facilities	N/A	10,850	-
WPCA operating	N/A	18,993	-
Developer bonds	N/A	-	9,950
Internal service	N/A	-	<u>132</u>
Total general fund		<u>67,333</u>	<u>4,442,198</u>

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

	Corresponding Fund	Due From	Due To
Capital initiatives:			
Public works	N/A	\$ -	\$ 185,236
Capital reserve	N/A	-	1,444,683
WPCA joint facilities	N/A	42,785	-
General fund	N/A	4,292,260	-
Total capital initiatives		4,335,045	1,629,919
Capital reserve:			
Capital initiatives	N/A	1,444,683	-
General fund	N/A	348	-
Total capital reserve		1,445,031	-
<u>Nonmajor governmental funds:</u>			
Miscellaneous grants	General Fund	-	14,320
Community development	General Fund	-	21,701
Education grant	General Fund	77,143	-
Culture and recreation	General Fund	210	-
WPCA operating	General Fund	-	18,993
WPCA joint facilities	Internal Service	-	7
WPCA joint facilities	General Fund	-	10,850
Public works	Capital Initiatives	185,236	-
Debt service	General Fund	62,155	-
Public safety	General Fund	-	1,469
WPCA joint facilities	Capital Initiatives	-	42,785
Debt service	BOE Retiree Benefits	-	197,500
Total nonmajor governmental funds		324,744	307,625
<u>Internal service funds:</u>			
Dental insurance	WPCA Joint Facilities	7	-
Dental insurance	General Fund	132	-
Board of education retiree benefits	Debt Service	197,500	-
Total internal service funds		197,639	-
<u>Agency funds:</u>			
Developer bonds		9,950	-
Grand total		\$6,379,742	\$6,379,742

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have a checking account.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016**2. Interfund transfers**

A summary of interfund transfers is as follows:

	Corresponding Fund	Transfers In	Transfers Out
<u>Major funds:</u>			
General fund:			
Capital reserve fund	N/A	\$ 56,000	\$ 1,454,418
Debt service fund	N/A	-	37,500
Total general fund		56,000	1,491,918
Capital reserve:			
General fund	N/A	1,454,418	56,000
Public safety fund	N/A	53,496	-
Total capital reserve		1,507,914	56,000
<u>Nonmajor funds:</u>			
Special revenue funds:			
Public safety fund	Capital Reserve	-	53,496
Debt service fund	General Fund	37,500	-
Grand total		\$ 1,601,414	\$ 1,601,414

Transfers are used to account for the financing by the general fund of various programs and activities in the capital reserve, water system, and debt service fund. The transfer from public safety to the capital reserve fund was designated for projects related to public safety.

E. Short-term obligations - bond anticipation notes

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

Short-term activity for the fiscal year was as follows:

Project	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
High school renovation project	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000

The bond anticipation notes mature in December 2016 and carry a coupon interest rate of 2.00% and a true interest cost of 0.648%.

In December 2016, the Town issued \$7,000,000 of bond anticipation notes to temporarily finance road improvements and school construction. The notes were issued with a coupon of 1.12% and mature in September 2017.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016**F. Changes in long-term obligations****1. Summary of changes**

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Current Portion
<u>Bonds:</u>									
Obligation bond	\$ 2,345,000	08/15/02	08/15/17	3.00%-4.125%	\$ 375,000	\$ -	\$ 125,000	\$ 250,000	\$ 125,000
Obligation bond	3,175,000	02/01/06	02/01/21	3.40%-5.0%	975,000	-	225,000	750,000	150,000
Obligation bond	2,985,000	04/15/09	07/15/28	2.50%-4.50%	2,185,000	-	160,000	2,025,000	160,000
Obligation bond	3,885,000	02/14/14	08/15/33	2.00%-4.00%	3,675,000	-	210,000	3,465,000	210,000
Obligation bond	21,225,000	12/15/15	07/15/35	2.00%-4.00%	16,415,000	4,810,000	-	21,225,000	1,060,000
Total bonds					23,625,000	4,810,000	720,000	27,715,000	1,705,000
<u>Clean water notes:</u>									
Sewer 480C	503,694	06/30/02	12/31/21	2.0%	184,498	-	26,848	157,650	27,390
Total bonds/notes					23,809,498	4,810,000	746,848	27,872,650	1,732,390
Premiums					47,202	1,048,987	30,710	1,065,479	-
Total bonds/notes and related liabilities					23,856,700	5,858,987	777,558	28,938,129	1,732,390
Capital lease payable					-	1,062,006	85,389	976,617	199,134
Compensated absences					1,379,286	514,625	558,530	1,335,381	135,749
Net pension liability					7,147,386	4,641,054	1,334,793	10,453,647	-
Net OPEB obligation					1,799,262	514,028	218,341	2,094,949	-
Early retirement incentive					59,406	-	14,140	45,266	9,306
Environmental obligation					750,000	-	-	750,000	400,000
Total long-term obligations					\$ 34,992,040	\$ 12,590,700	\$ 2,988,751	\$ 44,593,989	\$ 2,476,579

All long-term liabilities listed above are liquidated by the General Fund except clean water notes which are paid out of the WPCA Joint Facilities Fund.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

The following is a summary of bond and note maturities:

Fiscal Year Ended June 30,	Notes Principal	Bond Principal	Total Interest
2017	\$ 27,390	\$ 1,705,000	\$ 822,531
2018	27,943	1,705,000	736,777
2019	28,507	1,575,000	687,698
2020	29,082	1,575,000	636,329
2021	29,669	1,575,000	584,562
2022	15,059	1,425,000	532,318
2023	-	1,420,000	485,562
2024	-	1,415,000	438,438
2025	-	1,415,000	395,594
2026	-	1,415,000	356,745
2027	-	1,415,000	312,985
2028	-	1,415,000	272,132
2029	-	1,415,000	237,844
2030	-	1,220,000	203,646
2031	-	1,220,000	170,444
2032	-	1,225,000	137,178
2033	-	1,225,000	103,850
2034	-	1,225,000	70,521
2035	-	1,065,000	40,393
2036	-	1,065,000	13,464
	<u>\$ 157,650</u>	<u>\$27,715,000</u>	<u>\$ 7,239,011</u>

2. Statutory debt limitations

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 71,726,720	\$ 6,452,000	\$ 65,274,720
Schools	143,453,439	26,263,000	117,190,439
Sewers	119,544,533	157,650	119,386,883
Urban renewal	103,605,262	-	103,605,262
Pension deficit	95,635,626	-	95,635,626

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$223,149,794.

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.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016**3. Authorized/unissued bonds**

The amount of authorized, unissued bonds is as follows:

<u>Purpose of Bonds</u>	Authorized but Unissued
General purpose:	
Ambulance facility	\$ 18,500
Water system initial water supply plan	866,000
Capital improvements 2004-2005	454,400
Land purchase	7,100
Flanders roadway improvements	2,000
Pine Brook culvert replacement	400,000
2012 road improvement project	405,000
Schools:	
High school athletic facilities improvements	2,000
Memorial school roof and oil tank	2,100,000
High school renovation	<u>7,351,802</u>
Total	<u>\$ 11,606,802</u>

4. Capital leases

The Town is committed under capital leases for building improvements and vehicles. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and; therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Vehicles totaling \$175,506, net of accumulated depreciation of \$731, are recorded under the capital lease. This year, \$731 was included in depreciation expense.

Assets related to the lease for building improvements totaled \$465,602 and are included in construction in progress.

The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments as of June 30, 2016:

Year Ending <u>June 30,</u>	
2017	\$ 211,985
2018	211,985
2019	211,984
2020	211,984
2021	119,238
Thereafter	52,982
Less amount representing interest	<u>(43,541)</u>
Present value of minimum lease payments	<u>\$ 976,617</u>

Town of East Hampton, Connecticut

Notes to Financial Statements

June 30, 2016

5. Environmental cleanup

In 2009, the Town entered into the State of Connecticut's Department of Environmental Protection Voluntary Remediation Program required by the EPA cleanup grant agreement and, therefore, was deemed the responsible party for remediation of two Town-owned properties. A substantial amount of clean up and remediation has been performed on one of the properties; therefore, the liability on this property has been reduced to zero.

The second property has an estimated cost of a site assessment and corrective measures feasibility study of \$750,000. There was no cost range provided for this estimate; therefore, the total estimated environmental obligation of the Town is \$750,000.

The estimate is subject to change due to price changes, technology changes or other changes. The pollution remediation liability does not reflect any recovery of outlays because the Town does not anticipate that it will be able to recover remediation costs from other parties. The liability also does not include outlays for site cleanup because those costs are not yet reasonably estimable.

6. Early retirement

In 2015, the Town offered an Early Retirement Incentive Plan to all eligible members of the Municipal Employees Union Independent. Under this agreement, the Town provides a stipend to the employee for the cost of the premium for health insurance until the employee's sixty-fifth birthday. The stipends are paid annually from the general fund budget.

H. Restricted net position

The amount of restricted net position, which was restricted by enabling legislation, totaled \$593,645.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

I. Fund balance classifications

Fund Balance Component	General Fund	Capital Initiatives	Capital Reserve	Nonmajor Funds	Total
<u>Nonspendable:</u>					
Library	\$ -	\$ -	\$ -	\$ 15,500	\$ 15,500
<u>Restricted:</u>					
Public works:					
Sewer facility operations	-	-	-	206,428	206,428
Sewer operations	-	-	-	408,578	408,578
Water operations	-	-	-	56,651	56,651
Community development programs	-	-	-	7,624	7,624
Library	-	-	-	1,036	1,036
Food services program	-	-	-	128,416	128,416
Total restricted	-	-	-	808,733	808,733
<u>Committed:</u>					
Civic and human service programs	-	-	-	47,669	47,669
Public works projects	-	-	-	195,519	195,519
Public safety:					
Police	-	-	-	127,610	127,610
Culture and recreation programs	-	-	-	130,850	130,850
Education grant programs	-	-	-	607,902	607,902
Construction contracts	-	-	2,927,094	1,663,145	4,590,239
Total committed	-	-	2,927,094	2,772,695	5,699,789
<u>Assigned:</u>					
Debt service	-	-	-	113,865	113,865
<u>Unassigned</u>					
	4,959,395	(26,062)	-	-	4,933,333
Total	\$ 4,959,395	\$ (26,062)	\$ 2,927,094	\$ 3,710,793	\$ 11,571,220

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

IV. Other information

A. Risk management

The Town is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town purchases commercial insurance for all risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

The Town utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss for dental claims. The fund records all claim expenses and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. In addition, the fund records contributions for benefits for the Board of Education retirees.

The Board of Education is charged premiums by the Internal Service Fund, which are included in expenditures, to cover the estimated cost of claims payment based on historical cost estimates of the amounts needed to pay prior and current year claims. Claims liabilities include an estimate of claims incurred but not reported and are the Town's best estimate based on available information.

The claims liability reported in the Internal Service Fund is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include 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.

The following is a summary of changes in the claims liabilities:

<u>Fiscal Year</u>	<u>Claims Payable July 1</u>	<u>Current Year Claims and Change in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
2014-2015	\$ 22,021	\$ 285,923	\$ 288,581	\$ 19,363
2015-2016	19,363	293,639	275,388	37,614

B. Commitments and litigation

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable. In the opinion of the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Town of East Hampton, Connecticut

Notes to Financial Statements

June 30, 2016

Intermunicipal agreement

The Town is party to an intermunicipal agreement for septage waste disposal. The Town has agreed to accept septage from five area towns. The Town originally borrowed \$837,030 from the State of Connecticut Clean Water Fund to finance improvements to its plant to accommodate septage from the other towns. In fiscal year 2002, the Town borrowed an additional \$503,694 for a nitrogen reduction project. Each Town is committed to paying a portion of the cost of improvements over 20 years. Additionally, operating costs and a use fee will also be charged.

C. Pension plans**1. Plan description****Plan administration**

The Town administers the Town of East Hampton Retirement Income Plan - a single-employer Public Employee Retirement System ("PERS") that provides pension benefits for eligible employees of the Town. The Pension Plan Article XV grants the authority to establish and amend the benefit terms to the Town Council. The plan is considered to be a part of the Town's financial reporting entity and is included in the Town's financial statements as a pension trust fund. The plan does not issue stand-alone financial statements.

Management of the plan is vested in the Town Council.

Plan membership

At July 1, 2015, pension plan membership consisted of the following:

Active plan members	157
Terminated vested plan members	103
Plan members in pay status	<u>109</u>
Total	<u><u>369</u></u>

2. Benefit provisions

The plan provides retirement, disability and death benefits. Retirement benefits for police officers are calculated as 2.5% of the member's final average salary times the member's credited years of service. For all other plan members, retirement benefits are calculated as 2.25% of the member's final average salary times the member's credited years of service. Town plan members with 10 years of continuous service are 100 percent vested. Police plan members can retire at full benefits the earlier of age 55 with 10 years of service or 20 years of service. All other plan members may retire with full benefits at age 62 with 5 years of service.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

All plan members, who are determined to have a total and permanent disability, are eligible for disability benefits after 10 years of service. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Pre-retirement and post-retirement death benefits are to be paid in accordance with the plan documents.

Benefit terms provide for cost-of-living adjustments (COLAs) which may be applied periodically to the retirement benefits under the plan. The timing and manner of which such COLAs may be applied shall be determined by the Employer.

3. Contributions

Article IV of the pension plan provides that after July 1, 1996, police offers will contribute 5% of their annual base compensation, and all other members will contribute 5.5% of their annual base compensation.

The Town is required to contribute the amount determined by the actuary, considering the member contributions.

The average active member contribution rate was 5.8% of annual base compensation, and the Town's average contribution rate was 13.3% of annual payroll.

4. Investments

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee by a majority vote of its members. It is the policy of the Town's Pension Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Committee's adopted asset allocation policy:

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	65%
Fixed income	30%
Real Estate	<u>5%</u>
Total	<u><u>100%</u></u>

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016**5. Concentrations**

The Town places no limit on the amount the Town may invest in any one issuer. At fiscal year end, the Town had 5.33% of the Town's total pension plan investments invested in a real estate limited partnership.

6. Rate of return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (.04)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

7. Net pension liability

The components of the net pension liability at June 30, 2016, were as follows:

Total pension liability	\$ 37,581,271
Plan fiduciary net position	<u>27,127,624</u>
Net pension liability	<u>\$ 10,453,647</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72.18%</u>

8. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Amortization method	Level percent, closed
Inflation	2.75%
Salary increase	3.50%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Combined Healthy Mortality with generational projection per Scale AA
Post-retirement increases	Ad hoc (none for 2015)

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. core fixed income	2.69%
U.S. inflation-indexed bonds	1.94%
Broad U.S. equities	5.40%
Developed foreign equities	6.04%
Emerging market equities	8.19%
Real estate (REITS)	4.04%
Commodities	3.27%

The weighted average expected rate of return is 4.40%.

9. Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016**10. Changes in the net pension liability**

The Town's net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2015	\$ 34,691,573	\$ 27,544,187	\$ 7,147,386
Service cost	805,799		805,799
Interest	2,516,844		2,516,844
Differences between expected and actual experience	831,035		831,035
Changes in assumptions	487,376		487,376
Contributions - employer		960,000	(960,000)
Contributions - member		421,156	(421,156)
Net investment income		11,189	(11,189)
Benefit payments, including refunds of member contributions	(1,751,356)	(1,751,356)	-
Administrative expenses		(57,552)	57,552
Net change	2,889,698	(416,563)	3,306,261
Balance at June 30, 2016	\$ 37,581,271	\$ 27,127,624	\$ 10,453,647

11. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.00% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 14,851,689	\$ 10,453,647	\$ 6,744,787

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016**12. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions**

During the year, the Town recognized pension expense of \$2,214,527. The Town reported deferred outflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 753,689
Changes in assumptions	578,052
Net difference between projected and actual earnings on pension plan investments	<u>2,312,551</u>
Total	<u>\$ 3,644,292</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was 3.7 years.

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2017	\$ 1,193,293
2018	1,173,836
2019	891,839
2020	<u>385,324</u>
Total	<u>\$ 3,644,292</u>

13. Defined contribution retirement savings plan

As of September 2013, Town employees and certain Board of Education employees not covered by the Town's defined benefit plan are eligible to participate in the East Hampton Money Purchase Plan administered by the Town. Town Council has the authority to establish and amend the plan. There were 21 employees eligible to participate in the plan. The Town and employees are both required to contribute 5% of earnings. During the year the Town recognized pension expense of \$45,979 and employee contributions totaled \$45,979.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016**D. Pension plans - Connecticut State Teachers' Retirement Plan****1. Plan description**

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (TRS) - a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement Board (TRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

2. Benefit provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary.

3. ContributionsState of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016Employer (School Districts)

School district employers are not required to make contributions to the plan.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of their salary for the pension benefit.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>38,984,952</u>
Total	<u>\$ 38,984,952</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town has no proportionate share of the net pension liability.

The Town recognized pension expense and revenue of \$3,123,677 for on-behalf amounts for the benefits provided by the State.

5. Actuarial assumptions

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

Inflation	3.00%
Salary increase	3.75-7.00%, average, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	<u>6.0%</u>	0.4%
Total	<u>100.0%</u>	

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016**6. Discount rate**

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Sensitivity of the net pension liability to changes in the discount rate

The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2015.

E. Other post-employment benefit plan**1. Plan description**

The Town administers one single-employer, post retirement healthcare plan for the Board of Education for the Town of East Hampton Other Post-Employment Benefit ("OPEB"). The Board of Education plan provides medical and dental benefits to eligible retirees and their spouses. The plan does not issue stand-alone financial reports.

2. Summary of significant accounting policies and plan asset mattersValuation of investments

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

3. Classes of employees covered

The plan's membership consisted of:

	<u>Board of Education</u>
Retirees and beneficiaries currently receiving benefits	38
Active plan members	<u>174</u>
Total	<u><u>212</u></u>

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016**4. Benefit provisions and contributions****a. Benefit provisions**

The Board of Education plan provides medical and dental benefits for all Board of Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

b. Employer contributions

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Board of Education's total plan contribution was \$218,341.

c. Employee contributions

There are no employee contributions to the plan.

Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement plan. These teachers are required to contribute the cost of the insurance to the Town.

5. Funded status and funding progress

The funded status of the plan as of July 1, 2014 was as follows:

	A)	(B)	(A-B)	(A/B)	(C)	[(A-B)/C]
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over (Under) Funded AAL as a Percentage of Covered Payroll
July 1, 2014	\$ -	\$6,226,339	\$ (6,226,339)	0.0%	\$13,540,000	(46.0)%

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 for the plan as of the latest valuation date is as follows:

Valuation date	July 1, 2014
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar
Remaining amortization period	25 Years Closed

Actuarial Assumptions:

Investment rate of return	4.0%
Healthcare inflation rate:	
Initial	6.8%
Ultimate	4.7%
Inflation rate	4.0%

Town of East Hampton, Connecticut

Notes to Financial Statements
June 30, 2016**6. Annual OPEB cost and net OPEB obligation ("NOO")**

The changes in the NOO were as follows:

	<u>Board of Education</u>
Annual required contribution	\$ 520,026
Interest on net OPEB obligation	71,970
Adjustment to annual required contribution	<u>(77,968)</u>
Annual OPEB cost (AOC)	514,028
Contributions made	<u>218,341</u>
Change in net OPEB obligation	295,687
Net OPEB obligation - July 1, 2015	<u>1,799,262</u>
Net OPEB obligation - June 30, 2016	<u><u>\$ 2,094,949</u></u>

7. Three year trend information

<u>Year Ending June 30</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>	<u>Actual Contributed</u>
Board of Education				
2014	\$ 527,000	44.01%	\$ 1,540,918	\$ 232,000
2015	486,643	46.9%	1,799,262	228,299
2016	514,028	42.5%	2,094,949	218,341

Required Supplementary Information

Town of East Hampton, Connecticut

Town of East Hampton Retirement Income Plan

Required Supplementary Information
Schedule of Changes in Net Pension Liability

Last Three Years

	2016	2015	2014
Total pension liability:			
Service cost	\$ 805,799	\$ 763,446	\$ 819,627
Interest	2,516,844	2,337,307	2,242,374
Differences between expected and actual experience	831,035	302,268	-
Changes in assumptions	487,376	456,503	-
Benefit payments, including refunds of member contributions	(1,751,356)	(1,594,194)	(1,465,203)
Net change in total pension liability	2,889,698	2,265,330	1,596,798
Total pension liability - July 1	34,691,573	32,426,243	30,829,445
Total pension liability - June 30 (a)	<u>\$ 37,581,271</u>	<u>\$ 34,691,573</u>	<u>\$ 32,426,243</u>
Plan fiduciary net position:			
Contributions - employer	\$ 960,000	\$ 982,321	\$ 953,000
Contributions - member	421,156	419,210	413,838
Net investment income	11,189	653,723	3,455,656
Benefit payments, including refunds of member contributions	(1,751,356)	(1,594,194)	(1,465,203)
Administration expenses	(57,552)	(48,049)	(52,123)
Net change in plan fiduciary net position	(416,563)	413,011	3,305,168
Plan fiduciary net position - July 1	27,544,187	27,131,176	23,826,008
Plan fiduciary net position - June 30 (b)	<u>\$ 27,127,624</u>	<u>\$ 27,544,187</u>	<u>\$ 27,131,176</u>
Net pension liability (asset) - June 30 (a)-(b)	<u>\$ 10,453,647</u>	<u>\$ 7,147,386</u>	<u>\$ 5,295,067</u>

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of East Hampton, Connecticut

Town of East Hampton Retirement Income Plan

Required Supplementary Information
Last Three Years

Schedule of Net Pension Liability

	2016	2015	2014
Total pension liability	\$ 37,581,271	\$ 34,691,573	\$ 32,426,243
Plan fiduciary net position	27,127,624	27,544,187	27,131,176
Net pension liability	\$ 10,453,647	\$ 7,147,386	\$ 5,295,067
Plan fiduciary net position as a percentage of the total pension liability	72.18%	79.40%	83.67%
Covered-employee payroll	\$ 7,202,832	\$ 7,300,421	\$ 7,621,801
Net pension liability as a percentage of covered-employee payroll	145.13%	97.90%	69.47%

Schedule of Investment Returns

	2016	2015	2014
Annual Money weighted rate of return, net investment expense	(.04%)	2.36%	14.14%

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of East Hampton, Connecticut

Town of East Hampton Retirement Income Plan

Required Supplementary Information
Last Ten Years

Schedule of Contributions

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2016	\$ 957,490	\$ 960,000	\$ 2,510	\$ 7,202,832	13.33%
2015	980,548	982,321	1,773	7,300,421	13.46%
2014	952,198	953,000	802	7,621,801	12.50%
2013	815,329	829,183	13,854	7,372,236	11.25%
2012	749,829	809,304	59,475	7,317,009	11.06%
2011	787,261	847,761	60,500	6,613,882	12.82%
2010	765,583	771,832	6,249	6,674,011	11.56%
2009	595,784	717,193	121,409	6,417,318	11.18%
2008	551,652	707,485	155,833	N/A	N/A
2007	646,582	646,582	-	5,941,437	10.88%

Town of East Hampton, Connecticut
Town of East Hampton Retirement Income Plan
Notes to Required Supplementary Information
June 30, 2016

Changes of benefit terms	None
Changes of assumptions	2016: The discount rate was changed from 7.25% to 7.125%. 2015: The discount rate was changed from 7.50% to 7.25%.
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2015 one year prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair value
Amortization Method	Level percent, closed
Inflation	2.75%
Salary Increases	3.50%, average, including inflation
Investment Rate of Return	7.125%, net of pension plan investment expense, including inflation
Post-retirement increases	Ad Hoc

Town of East Hampton, Connecticut

Town of East Hampton Other Post-Employment Benefit Plan

Required Supplementary Information
Schedule of Funding Progress

Last Four Valuations

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
Actuarial Valuation Date July 1,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over (Under) Funded AAL as a Percentage of Covered Payroll
2014	\$ -	\$ 6,226,339	\$ (6,226,339)	0.0%	\$ 13,540,000	(46.0%)
2013	-	5,973,888	(5,973,888)	0.0%	13,540,000	(44.1%)
2011	-	5,525,000	(5,525,000)	0.0%	11,651,000	(47.4%)
2009	-	6,071,000	(6,071,000)	0.0%	N/A	N/A

Schedule of Employer Contributions

Last Eight Years

Fiscal Year End June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2016	\$ 520,026	\$ 218,341	42.0%
2015	489,108	228,299	46.7%
2014	527,000	232,000	44.0%
2013	497,000	225,000	45.3%
2012	545,000	288,000	52.8%
2011	515,000	288,000	55.9%
2010	486,000	263,000	54.1%
2009	486,000	226,000	46.5%

Note: The schedule of employer contributions is intended to present information for 10 years. Additional years will be presented as they become available.

Town of East Hampton, Connecticut

Town of East Hampton Other Post-Employment Benefit Plan

Notes to Required Supplementary Information

June 30, 2016

Changes of benefit terms	None
Changes of assumptions	2014: Effective July 1 2013, the Board of Education will only provide a high deductible plan with a health savings account.
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2014, two years prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Remaining Amortization Period	25 years, closed
Investment Rate of Return	4.00%
Healthcare Inflation rate - Initial	6.80%
Healthcare Inflation rate - Ultimate	4.70%
Inflation rate	4.00%

Town of East Hampton, Connecticut

Connecticut State Teachers' Retirement System

Required Supplementary Information
Last Two Years

Schedule of Proportionate Share of the Net Pension Liability

	2016	2015
Town's proportion of the net pension liability (asset)	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with Town	<u>38,984,952</u>	<u>36,033,775</u>
Total	<u>\$ 38,984,952</u>	<u>\$ 36,033,775</u>
Town's covered-employee payroll (2)	<u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>0.00%</u>

Schedule of Contributions

	2016	2015
Contractually required contribution (1)	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll (2)	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered-employee payroll	<u>0.00%</u>	<u>0.00%</u>

(1) Local employees are not required to contribute to the plan.

(2) Not applicable since 0% proportional share of the net pension liability.

Note: These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of East Hampton, Connecticut
Connecticut State Teachers' Retirement System
Notes to Required Supplementary Information
June 30, 2016

Changes of benefit terms	None
Changes of assumptions	In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted more closely to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	21.4 years
Asset Valuation Method	4 year smoothed market
Inflation	3.00%
Salary Increases	3.75%-7.00%, average, including inflation
Investment Rate of Return	8.50%, net of pension plan investment expense, including inflation

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, buildings and grounds, planning and development, health and human services, library, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

Town of East Hampton, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance
	Original	Final	Actual	With Final Budget
Property Taxes:				
Current taxes	\$ 31,062,585	\$ 31,062,585	\$ 30,969,190	\$ (93,395)
Back taxes	503,000	503,000	426,901	(76,099)
Telephone access share line	30,400	30,400	27,918	(2,482)
Supplemental motor vehicles	235,000	235,000	281,823	46,823
Housing Authority reimbursement	12,500	12,500	19,873	7,373
Interest	276,000	276,000	253,071	(22,929)
Liens	3,000	3,000	2,400	(600)
Total property taxes	32,122,485	32,122,485	31,981,176	(141,309)
Intergovernmental:				
General government:				
Town aid road	322,948	322,948	320,189	(2,759)
Grants for municipal projects	18,943	18,943	18,943	-
Elderly tax relief	47,000	47,000	50,256	3,256
Department of Youth Services	16,100	16,100	15,911	(189)
State-owned property	111,380	111,380	49,128	(62,252)
Disability tax relief	1,245	1,245	1,321	76
Veterans' exemption	4,300	4,300	4,256	(44)
Mashantucket Pequot/Mohegan grant	61,969	61,969	44,261	(17,708)
Other Federal & State grants	11,000	11,000	2,978	(8,022)
Total general government	594,885	594,885	507,243	(87,642)
Education:				
Education cost sharing	7,715,347	7,715,347	7,723,810	8,463
School transportation	72,232	72,232	60,007	(12,225)
Adult education	17,906	17,906	18,315	409
Total education	7,805,485	7,805,485	7,802,132	(3,353)
Total intergovernmental	8,400,370	8,400,370	8,309,375	(90,995)

(Continued)

Town of East Hampton, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
Year Ended June 30, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	With Final Budget
Charges for Services:				
Finance Department	\$ 32,505	\$ 32,505	\$ 33,224	\$ 719
Assessor Department	900	900	875	(25)
Town Manager	-	-	31	31
Animal control	500	500	-	(500)
Police Department	8,500	8,500	16,064	7,564
Town Clerk	239,700	239,700	260,134	20,434
Planning, zoning and buildings	120,390	120,390	201,052	80,662
Transfer station fees/stickers	44,400	44,400	43,035	(1,365)
Lease of Town property	28,560	28,560	28,566	6
Sears Park rent	750	750	975	225
Library	13,000	13,000	13,601	601
Community room rental	150	150	-	(150)
Sears Park stickers	3,000	3,000	4,050	1,050
Blasting permits	100	100	425	325
Board of Education Use of Schools	-	-	40	40
Public Works	50	50	927	877
Total charges for services	492,505	492,505	602,999	110,494
Investment income	22,500	22,500	21,548	(952)
Miscellaneous:				
Collector of Revenue	400	400	956	556
Parks & Recreation	-	-	3,662	3,662
CRRA recycling rebate	9,000	9,000	4,740	(4,260)
Insurance reimbursement	-	-	9,071	9,071
Middle Haddam Historic District	250	250	125	(125)
Total miscellaneous	9,650	9,650	18,554	8,904
Total revenues	41,047,510	41,047,510	40,933,652	(113,858)
Other Financing Sources:				
Transfers in:				
Capital reserve fund	-	-	56,000	56,000
Appropriation of fund balance	-	306,000	-	(306,000)
Total other financing sources	-	306,000	56,000	(250,000)
Total Revenues and Other Financing Sources	\$ 41,047,510	\$ 41,353,510	\$ 40,989,652	\$ (363,858)

(Concluded)

Town of East Hampton, Connecticut
General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
Year Ended June 30, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	With Final Budget
General Government:				
Town Manager's Department	\$ 332,647	\$ 332,647	\$ 332,151	\$ 496
Council special programs	22,539	29,594	29,592	2
Legal defense/fees	145,000	155,525	155,522	3
Town Hall and Annex	242,758	263,198	262,582	616
Finance and Accounting	457,312	457,312	457,186	126
Collector of Revenue	166,505	168,840	168,836	4
Assessor's Office	181,846	181,846	177,557	4,289
Board of Assessment Appeals	1,917	1,917	185	1,732
Town Clerk's office	162,768	166,253	166,247	6
Registrars/elections	45,483	45,483	44,721	762
General insurance	373,410	373,410	323,215	50,195
Probate court	15,690	15,690	14,221	1,469
Employee benefits	1,322,980	1,215,581	1,186,030	29,551
Information technology	88,234	88,234	87,785	449
Contingency	20,000	-	-	-
Total general government	3,579,089	3,495,530	3,405,830	89,700
Public Safety:				
Police administration	315,169	315,169	313,960	1,209
Police regular patrol	1,442,146	1,511,156	1,511,151	5
Lake patrol	3,883	3,883	997	2,886
Animal Control	44,000	44,000	43,921	79
Firefighting	256,955	256,955	239,061	17,894
Fire Marshal	48,561	48,561	47,107	1,454
Town center fire system	9,128	9,128	4,312	4,816
Ambulance association	6,500	6,500	692	5,808
Civil Preparedness	15,369	15,369	15,232	137
Communications	140,536	140,536	140,127	409
Street lighting	59,000	59,000	57,139	1,861
Total public safety	2,341,247	2,410,257	2,373,699	36,558
Public Works:				
Public Works	1,415,013	1,401,267	1,400,803	464
Engineering	61,500	73,020	73,015	5
Town Garage	78,907	78,907	72,543	6,364
Townwide motor fuel	140,102	140,102	134,933	5,169
Road materials	358,750	358,750	346,632	12,118
Transfer station	156,214	156,214	144,929	11,285
Septage disposal	2,400	2,484	2,484	-
Total public works	2,212,886	2,210,744	2,175,339	35,405
Regulatory:				
Planning, zoning and buildings	335,668	335,668	332,099	3,569
Economic development commission	4,710	4,710	4,218	492
Conservation and lake commission	85,201	85,201	84,249	952
Redevelopment agency	2,555	2,555	841	1,714
Middle Haddam Historic District	1,657	1,657	740	917
Total regulatory	429,791	429,791	422,147	7,644

(Continued)

Town of East Hampton, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Health and Human Services:				
Chatham Health District	\$ 121,341	\$ 121,341	\$ 121,341	\$ -
Human Services	101,593	101,593	100,523	1,070
Senior Center	118,651	118,651	112,508	6,143
Transportation	52,600	52,600	52,600	-
Cemetery care	5,000	5,000	4,987	13
Commission on Aging	2,450	2,450	186	2,264
Community Services	5,250	5,250	5,175	75
Total health and human services	406,885	406,885	397,320	9,565
Culture and Recreation:				
Park and recreation	396,681	396,681	390,992	5,689
Arts & cultural commission	2,500	2,500	1,891	609
Community Center	145,562	146,737	146,736	1
Library	441,195	442,965	442,963	2
Middle Haddam Library	20,000	20,000	20,000	-
Total culture and recreation	1,005,938	1,008,883	1,002,582	6,301
Education	28,776,785	28,776,785	28,757,728	19,057
Debt Service	1,122,717	1,122,717	1,068,094	54,623
Total Expenditures	39,875,338	39,861,592	39,602,739	258,853
Other Financing Uses:				
Transfers out:				
Capital Reserve Fund	1,134,672	1,454,418	1,454,418	-
Debt Service	37,500	37,500	37,500	-
Total other financing uses	1,172,172	1,491,918	1,491,918	-
Total Expenditures and Other Financing Uses	\$ 41,047,510	\$ 41,353,510	\$ 41,094,657	\$ 258,853

(Concluded)

Town of East Hampton, Connecticut

General Fund
Board of Education
Schedule of Expenditures Compared with Appropriations
Year Ended June 30, 2016

	Original Appropriation	Final Appropriation	Expenditures	Variance with Final Budget
Certified salaries	\$ 14,775,480	\$ 14,775,480	\$ 14,611,034	\$ 164,446
Classified salaries	3,876,014	3,876,014	3,738,286	137,728
Employee benefits:				
Medical and dental	3,779,650	3,779,650	3,535,016	244,634
Unemployment compensation	21,343	21,343	36,569	(15,226)
Social Security	246,281	246,281	242,794	3,487
Medicare	248,471	248,471	243,007	5,464
Pension	432,505	432,505	398,087	34,418
DC plan contribution	27,500	27,500	23,959	3,541
Workers' compensation	162,800	162,800	159,359	3,441
Life insurance	44,100	44,100	42,456	1,644
Other	1,980	1,980	1,540	440
Tuition	499,341	499,341	797,118	(297,777)
Pupil transportation	1,133,760	1,133,760	1,182,758	(48,998)
Other transportation	35,504	35,504	43,303	(7,799)
Computer consulting services	198,682	198,682	353,257	(154,575)
Meetings and conferences	33,800	33,800	27,929	5,871
Professional/technical services	875,241	875,241	923,297	(48,056)
Public utilities	46,476	46,476	48,223	(1,747)
Building, equipment maintenance and repairs	247,045	247,045	335,346	(88,301)
Heating, ventilation maintenance and repairs	45,000	45,000	31,416	13,584
Security system maintenance and repairs	2,500	2,500	1,535	965
Vehicle maintenance and repairs	500	500	825	(325)
Supplies, materials and minor equipment	434,997	434,997	550,122	(115,125)
Fire protection	24,500	24,500	16,521	7,979
Refuse removal	25,000	25,000	25,533	(533)
Water and underground tank testing	5,000	5,000	5,405	(405)
Pest control	6,000	6,000	7,380	(1,380)
Tile and carpet replacement	5,000	5,000	-	5,000
Equipment rental	96,684	96,684	96,741	(57)
Property and liability insurance	155,226	155,226	112,566	42,660
Staff travel	13,965	13,965	10,126	3,839
Communications	90,725	90,725	65,222	25,503
Newspaper advertising	2,500	2,500	3,410	(910)
Printing and binding	22,807	22,807	10,486	12,321
Other purchased services	54,429	54,429	53,807	622
Heating oil	294,626	294,626	53,456	241,170
Natural gas	-	-	74,944	(74,944)
Motor fuel	122,315	122,315	119,017	3,298
Electricity	379,500	379,500	310,801	68,699
Bottled gas	3,000	3,000	684	2,316
Textbooks	75,000	75,000	144,670	(69,670)
Library books/periodicals	31,440	31,440	53,103	(21,663)
Other supplies and materials	53,510	53,510	51,357	2,153
Dues and fees	51,588	51,588	50,353	1,235
Equipment	95,000	95,000	164,910	(69,910)
Total expenditures - Schedule 2	\$ 28,776,785	\$ 28,776,785	\$ 28,757,728	\$ 19,057

Town of East Hampton, Connecticut

Report of Tax Collector
Year Ended June 30, 2016

Grand List	Uncollected Taxes July 1, 2015	Current Tax Levy	Assessor's		Transferred To Suspense	Net Amount Collectible	Collections			Uncollected Taxes June 30, 2016
			Additions	Deductions			Taxes	Interest and Liens	Total	
2014	\$ -	\$ 31,907,845	\$ 36,605	\$ 107,484	\$ -	\$ 31,836,966	\$ 31,191,920	\$ 87,836	\$ 31,279,756	\$ 645,046
2013	605,958	-	2,707	6,667	591	601,407	235,550	52,766	288,316	365,857
2012	366,881	-	1,277	2,005	580	365,573	87,367	41,893	129,260	278,206
2011	273,892	-	77	1,019	566	272,384	58,157	34,731	92,888	214,227
2010	182,167	-	-	498	559	181,110	16,466	11,639	28,105	164,644
2009	109,122	-	-	48	619	108,455	10,639	11,032	21,671	97,816
2008	62,198	-	-	-	595	61,603	10,622	11,159	21,781	50,981
2007	34,499	-	-	-	591	33,908	2,421	2,964	5,385	31,487
2006	12,775	-	-	-	578	12,197	1,847	1,061	2,908	10,350
2005	6,443	-	-	-	556	5,887	-	-	-	5,887
2004	1,412	-	-	-	462	950	-	-	-	950
2003	579	-	-	-	78	501	-	-	-	501
2002	281	-	176	-	74	383	-	-	-	383
2001	575	-	-	-	71	504	-	-	-	504
<u>\$ 1,656,782 \$ 31,907,845 \$ 40,842 \$ 117,721 \$ 5,920 \$ 33,481,828</u>							31,614,989	255,081	31,870,070	<u>\$ 1,866,839</u>
Suspense collections							4,195	-	4,195	
Suspense interest and liens							-	4,277	4,277	
Total							\$ 31,619,184	\$ 259,358	\$ 31,878,542	

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Water System	User fees	Water operations
Public Safety	Fees	Police outside services
Culture and Recreation	User fees	Recreation programs
School Cafeteria	Sale of lunches and grants	Cafeteria operations
Education Grant	Federal and State grants	Education related programs
Public Works	Federal and State grants	Public works projects
Community Development	Federal grants	Town development programs
Miscellaneous Grants	Federal and State grants	Civic and human services and capital related purposes
WPCA Joint Facilities	Member town fees	Regional sewer facility operations
WPCA Operating	User fees	Sewer operations

Debt Service

The debt service fund is used for retirement payouts for accumulated sick and vacation time and other long-term obligations.

Capital Projects Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities.

WPCA Development - acquisition and construction related to the WPCA operations.

WPCA - acquisition and construction related to the WPCA.

WPCA Joint Facilities - acquisition and construction related to WPCA Joint Facilities.

Public Water System - construction related to the development of a public water system.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting Town's programs.

Library Trust Fund - support and benefit of the Town's library.

Town of East Hampton, Connecticut

Schedule 5
(1 of 3)

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds					
	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	Public Works
<u>Assets</u>						
Cash	\$ -	\$ 143,126	\$ 204,303	\$ 103,822	\$ 394,301	\$ 10,283
Investments	-	-	-	-	-	-
Receivables:						
Assessments and use charges	12,651	-	-	-	-	-
Intergovernmental	-	-	9,737	19,114	148,872	-
Loans	-	-	-	-	-	-
Other	-	-	-	304	2,389	-
Due from other funds	76,404	-	210	-	77,143	185,236
Other	-	-	-	5,439	-	-
Total assets	\$ 89,055	\$ 143,126	\$ 214,250	\$ 128,679	\$ 622,705	\$ 195,519
<u>Liabilities</u>						
Accounts payable	\$ 19,753	\$ 14,047	\$ 17,177	\$ 263	\$ 10,106	\$ -
Due to other funds	-	1,469	-	-	-	-
Unearned revenue	-	-	66,223	-	4,697	-
Total liabilities	19,753	15,516	83,400	263	14,803	-
<u>Deferred Inflows of Resources</u>						
Unavailable revenues:						
Water charges	12,651	-	-	-	-	-
Loans	-	-	-	-	-	-
Sewer assessment and use charges	-	-	-	-	-	-
Total deferred inflows of resources	12,651	-	-	-	-	-
<u>Fund Balances</u>						
Nonspendable	-	-	-	-	-	-
Restricted	56,651	-	-	128,416	-	-
Committed	-	127,610	130,850	-	607,902	195,519
Assigned	-	-	-	-	-	-
Total fund balances	56,651	127,610	130,850	128,416	607,902	195,519
Total liabilities, deferred inflows of resources and fund balances	\$ 89,055	\$ 143,126	\$ 214,250	\$ 128,679	\$ 622,705	\$ 195,519

(Continued)

Town of East Hampton, Connecticut

Schedule 5
(2 of 3)

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds					Debt Service
	Community Development	Miscellaneous Grants	WPCA Joint Facilities	WPCA Operating	Total Special Revenue Funds	Debt Service
<u>Assets</u>						
Cash	\$ 7,624	\$ 198,871	\$ 277,213	\$ 834,114	\$ 2,173,657	\$ 249,210
Investments	-	-	-	-	-	-
Receivables:						
Assessments and use charges	-	-	15,975	318,380	347,006	-
Intergovernmental	24,163	-	-	-	201,886	-
Loans	208,857	-	-	-	208,857	-
Other	-	-	-	10,001	12,694	-
Due from other funds	-	-	-	7,743	346,736	62,155
Other	-	-	-	-	5,439	-
Total assets	\$ 240,644	\$ 198,871	\$ 293,188	\$ 1,170,238	\$ 3,296,275	\$ 311,365
<u>Liabilities</u>						
Accounts payable	\$ 2,462	\$ 220	\$ 33,118	\$ 8,870	\$ 106,016	\$ -
Due to other funds	21,701	117,400	53,642	434,410	628,622	197,500
Unearned revenue	-	33,582	-	-	104,502	-
Total liabilities	24,163	151,202	86,760	443,280	839,140	197,500
<u>Deferred Inflows of Resources</u>						
Unavailable revenues:						
Water charges	-	-	-	-	12,651	-
Loans	208,857	-	-	-	208,857	-
Sewer assessment and use charges	-	-	-	318,380	318,380	-
Total deferred inflows of resources	208,857	-	-	318,380	539,888	-
<u>Fund Balances</u>						
Nonspendable	-	-	-	-	-	-
Restricted	7,624	-	206,428	408,578	807,697	-
Committed	-	47,669	-	-	1,109,550	-
Assigned	-	-	-	-	-	113,865
Total fund balances	7,624	47,669	206,428	408,578	1,917,247	113,865
Total liabilities, deferred inflows of resources and fund balances	\$ 240,644	\$ 198,871	\$ 293,188	\$ 1,170,238	\$ 3,296,275	\$ 311,365

(Continued)

Town of East Hampton, Connecticut

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	Capital Projects Funds					Permanent		Total Nonmajor Governmental Funds
	WPCA Development	WPCA	WPCA Joint Facilities	Public Water System	Total Capital Projects Funds	Library Trust	Interfund Eliminations	
<u>Assets</u>								
Cash	\$ -	\$ 1,043,317	\$ 412,823	\$ -	\$ 1,456,140	\$ -	\$ -	\$ 3,879,007
Investments	-	-	-	-	-	16,536	-	16,536
Receivables:								
Assessments and use charges	43,760	-	-	-	43,760	-	-	390,766
Intergovernmental	-	-	-	-	-	-	-	201,886
Loans	-	-	-	-	-	-	-	208,857
Other	-	-	-	-	-	-	-	12,694
Due from other funds	228,329	102,941	-	103,080	434,350	-	(518,497)	324,744
Other	-	-	-	-	-	-	-	5,439
Total assets	\$ 272,089	\$ 1,146,258	\$ 412,823	\$ 103,080	\$ 1,934,250	\$ 16,536	\$ (518,497)	\$ 5,039,929
<u>Liabilities</u>								
Accounts payable	\$ -	\$ -	\$ 227,345	\$ -	\$ 227,345	\$ -	\$ -	\$ 333,361
Due to other funds	-	-	-	-	-	-	(518,497)	307,625
Unearned revenue	-	-	-	-	-	-	-	104,502
Total liabilities	-	-	227,345	-	227,345	-	(518,497)	745,488
<u>Deferred Inflows of Resources</u>								
Unavailable revenues:								
Water charges	-	-	-	-	-	-	-	12,651
Loans	-	-	-	-	-	-	-	208,857
Sewer assessment and use charges	43,760	-	-	-	43,760	-	-	362,140
Total deferred inflows of resources	43,760	-	-	-	43,760	-	-	583,648
<u>Fund Balances</u>								
Nonspendable	-	-	-	-	-	15,500	-	15,500
Restricted	-	-	-	-	-	1,036	-	808,733
Committed	228,329	1,146,258	185,478	103,080	1,663,145	-	-	2,772,695
Assigned	-	-	-	-	-	-	-	113,865
Total fund balances	228,329	1,146,258	185,478	103,080	1,663,145	16,536	-	3,710,793
Total liabilities, deferred inflows of resources and fund balances	\$ 272,089	\$ 1,146,258	\$ 412,823	\$ 103,080	\$ 1,934,250	\$ 16,536	\$ (518,497)	\$ 5,039,929

(Concluded)

Town of East Hampton, Connecticut

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2016

	Special Revenue Funds					
	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	Public Works
Revenues:						
Intergovernmental	\$ -	\$ 15,060	\$ 20,995	\$ 157,453	\$ 1,162,786	\$ -
Charges for services	179,977	156,200	248,732	339,824	236,006	-
Income from investments	41	710	19	12	42	510
Contributions and donations	-	31,647	5,743	-	11,744	-
Miscellaneous	-	-	930	-	-	-
Total revenues	180,018	203,617	276,419	497,289	1,410,578	510
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	175,426	-	-	-	-
Public works and utilities	159,090	-	-	-	-	-
Culture and recreation	-	-	263,220	-	-	-
Civic and human services	-	-	-	-	-	-
Education	-	-	-	457,447	1,357,541	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	159,090	175,426	263,220	457,447	1,357,541	-
Excess (deficiency) of revenues over expenditures	20,928	28,191	13,199	39,842	53,037	510
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(53,496)	-	-	-	-
Total other financing sources (uses)	-	(53,496)	-	-	-	-
Net change in fund balances	20,928	(25,305)	13,199	39,842	53,037	510
Fund balances - July 1, 2015	35,723	152,915	117,651	88,574	554,865	195,009
Fund balances - June 30, 2016	\$ 56,651	\$ 127,610	\$ 130,850	\$ 128,416	\$ 607,902	\$ 195,519

(Continued)

Town of East Hampton, Connecticut

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2016

	Special Revenue Funds					Debt Service
	Community Development	Miscellaneous Grants	WPCA Joint Facilities	WPCA Operating	Total Special Revenue Funds	
Revenues:						
Intergovernmental	\$ 24,163	\$ 16,954	\$ -	\$ -	\$ 1,397,411	\$ -
Charges for services	-	31,973	932,094	1,153,540	3,278,346	-
Income from investments	28	400	604	555	2,921	1,296
Contributions and donations	-	4,300	-	-	53,434	-
Miscellaneous	375	-	6,443	-	7,748	-
Total revenues	24,566	53,627	939,141	1,154,095	4,739,860	1,296
Expenditures:						
Current:						
General government	24,163	29,507	-	-	53,670	94,061
Public safety	-	-	-	-	175,426	-
Public works and utilities	-	-	791,207	1,110,281	2,060,578	-
Culture and recreation	-	-	-	-	263,220	-
Civic and human services	-	23,508	-	-	23,508	-
Education	-	-	-	-	1,814,988	-
Debt service:						
Principal payments	-	-	26,848	-	26,848	-
Interest	-	-	3,445	-	3,445	-
Capital outlay	-	-	-	-	-	-
Total expenditures	24,163	53,015	821,500	1,110,281	4,421,683	94,061
Excess (deficiency) of revenues over expenditures	403	612	117,641	43,814	318,177	(92,765)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	37,500
Transfers out	-	-	(12,000)	(25,000)	(90,496)	-
Total other financing sources (uses)	-	-	(12,000)	(25,000)	(90,496)	37,500
Net change in fund balances	403	612	105,641	18,814	227,681	(55,265)
Fund balances - July 1, 2015	7,221	47,057	100,787	389,764	1,689,566	169,130
Fund balances - June 30, 2016	\$ 7,624	\$ 47,669	\$ 206,428	\$ 408,578	\$ 1,917,247	\$ 113,865

(Continued)

Town of East Hampton, Connecticut

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2016

	Capital Projects Funds					Permanent		Total
	WPCA Development	WPCA	WPCA Joint Facilities	Public Water System	Total Capital Projects Funds	Library Trust	Interfund Eliminations	Nonmajor Governmental Funds
Revenues:								
Intergovernmental	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,397,411
Charges for services	70,767	-	-	-	70,767	-	-	3,349,113
Income from investments	903	466	7,393	-	8,762	536	-	13,515
Contributions and donations	-	-	-	-	-	-	-	53,434
Miscellaneous	-	-	-	-	-	-	-	7,748
Total revenues	71,670	466	7,393	-	79,529	536	-	4,821,221
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	147,731
Public safety	-	-	-	-	-	-	-	175,426
Public works and utilities	16,670	-	-	-	16,670	-	-	2,077,248
Culture and recreation	-	-	-	-	-	-	-	263,220
Civic and human services	-	-	-	-	-	-	-	23,508
Education	-	-	-	-	-	-	-	1,814,988
Debt service:								
Principal payments	-	-	-	-	-	-	-	26,848
Interest	-	-	-	-	-	-	-	3,445
Capital outlay	-	-	1,210,494	-	1,210,494	-	-	1,210,494
Total expenditures	16,670	-	1,210,494	-	1,227,164	-	-	5,742,908
Excess (deficiency) of revenues over expenditures	55,000	466	(1,203,101)	-	(1,147,635)	536	-	(921,687)
Other financing sources (uses):								
Transfers in	-	1,043,039	12,000	-	1,055,039	-	(1,055,039)	37,500
Transfers out	-	-	(1,018,039)	-	(1,018,039)	-	1,055,039	(53,496)
Total other financing sources (uses)	-	1,043,039	(1,006,039)	-	37,000	-	-	(15,996)
Net change in fund balances	55,000	1,043,505	(2,209,140)	-	(1,110,635)	536	-	(937,683)
Fund balances - July 1, 2015	173,329	102,753	2,394,618	103,080	2,773,780	16,000	-	4,648,476
Fund balances - June 30, 2016	\$ 228,329	\$ 1,146,258	\$ 185,478	\$ 103,080	\$ 1,663,145	\$ 16,536	\$ -	\$ 3,710,793

(Concluded)

Internal Service Funds

Internal Service funds are used to account for the providing of goods or services provided by one department to other departments of the Town on a cost reimbursement basis or accounting for risk retention as allowed by GASB Statement No. 10.

Dental Insurance Fund

To account for self-insured dental benefits for Town and Board of Education employees.

Board of Education Retiree Benefits Fund

To account for medical and other benefits for Board of Education retirees.

Town of East Hampton, Connecticut

Internal Service Funds
Combining Statement of Net Position
June 30, 2016

	Dental Insurance	Board of Education Retiree Benefits	Total
<hr/>			
<u>Assets</u>			
Current assets:			
Cash	\$ 87,457	\$ -	\$ 87,457
Due from other funds	139	197,500	197,639
	<hr/>		
Total assets	87,596	197,500	285,096
 <u>Liability</u>			
Current liability			
Claims payable	37,614	-	37,614
	<hr/>		
<u>Net Position</u>			
Unrestricted	\$ 49,982	\$ 197,500	\$ 247,482
	<hr/> <hr/>		

Town of East Hampton, Connecticut

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Year Ended June 30, 2016

	Dental Insurance	Board of Education Retiree Benefits	Total
Operating revenues:			
Charges for services	\$ 110,458	\$ -	\$ 110,458
Operating expenses:			
Claims	293,639	-	293,639
Administration	22,439	-	22,439
Total operating expenses	316,078	-	316,078
Change in net position	(205,620)	-	(205,620)
Total net position - July 1, 2015	255,602	197,500	453,102
Total net position - June 30, 2016	\$ 49,982	\$ 197,500	\$ 247,482

Town of East Hampton, Connecticut

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2016

Dental
Insurance

Cash flows from operating activities:	
Cash received for charges for services	\$ 110,688
Cash paid for benefits and claims	(275,388)
Cash paid for administration	(22,439)
	<hr/>
Net cash provided by (used in) operating activities and net increase (decrease) in cash	(187,139)
Cash - July 1, 2015	<hr/> 274,596
Cash - June 30, 2016	<hr/> \$ 87,457 <hr/>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (205,620)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Due from other funds	230
Increase (decrease) in:	
Claims payable	18,251
	<hr/>
Net cash provided by (used in) operating activities	<hr/> \$ (187,139) <hr/>

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

Agency Fund

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Town of East Hampton, Connecticut

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Assets</u>				
Cash:				
Student Activity Fund	\$ 418,430	\$ 612,050	\$ 603,218	\$ 427,262
Developer Bond Fund	61,555	5,006	-	66,561
Total Cash	479,985	617,056	603,218	493,823
Investments:				
Volunteer Firemen Award Fund	995,986	107,584	47,917	1,055,653
Due from other funds:				
Developer Bond Fund	-	9,950	-	9,950
Total Assets	\$ 1,475,971	\$ 734,590	\$ 651,135	\$ 1,559,426
<u>Liabilities</u>				
Accounts payable:				
Student Activity Fund	\$ 418,430	\$ 612,050	\$ 603,218	\$ 427,262
Developer Bond Fund	61,555	14,956	-	76,511
Volunteer Firemen Award Fund	995,986	107,584	47,917	1,055,653
Total Liabilities	\$ 1,475,971	\$ 734,590	\$ 651,135	\$ 1,559,426

Statistical Section

This part of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents

Financial Trends (Tables 1 - 4)

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity (Tables 5 - 7)

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity (Tables 8 - 11)

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information (Tables 12 - 15)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information (Tables 16-17)

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

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

Table 1**Town of East Hampton, Connecticut**

Net Position by Component
 Last Ten Years
 (Unaudited)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net investment in capital assets	\$ 84,059,272	\$ 76,685,651	\$ 71,600,194	\$ 69,287,816	\$ 70,148,958	\$ 67,987,584	\$ 66,932,674	\$ 63,685,094	\$ 58,473,214	\$ 60,424,658
Restricted	824,233	638,069	1,743,119	2,241,000	3,183,000	3,031,388	3,026,010	16,261	16,105	16,814
Unrestricted	7,422,392	6,222,350	4,881,503	11,940,565	8,359,229	8,466,520	7,425,994	12,008,857	16,721,792	12,879,381
Total Net Position	<u>\$ 92,305,897</u>	<u>\$ 83,546,070</u>	<u>\$ 78,224,816</u>	<u>\$ 83,469,381</u>	<u>\$ 81,691,187</u>	<u>\$ 79,485,492</u>	<u>\$ 77,384,678</u>	<u>\$ 75,710,212</u>	<u>\$ 75,211,111</u>	<u>\$ 73,320,853</u>

Table 2

Town of East Hampton, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

	Fiscal Year Ended									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
General government	\$ 3,257,116	\$ 2,847,076	\$ 2,607,793	\$ 2,663,044	\$ 2,447,985	\$ 2,443,122	\$ 3,175,055	\$ 3,843,123	\$ 2,806,092	\$ 2,688,056
Public safety	3,391,168	3,150,700	2,941,474	2,618,870	2,823,334	2,737,441	2,882,654	2,788,364	2,429,211	2,366,551
Civic and human services	509,796	1,032,383	727,068	458,228	436,539	362,272	477,033	997,140	368,356	337,184
Public works and utilities	6,207,110	6,445,962	5,188,262	5,297,481	5,364,060	5,325,891	4,792,395	5,373,203	5,173,124	4,838,968
Education	34,928,883	33,265,577	33,743,421	32,105,361	31,579,590	31,018,794	29,863,970	29,344,735	34,711,774	25,312,601
Regulatory	567,332	509,982	458,302	436,731	424,570	509,982	647,805	465,619	405,373	365,541
Culture and recreation	1,729,557	1,539,637	1,654,876	1,303,462	1,439,916	1,366,556	1,440,829	1,354,708	1,386,344	1,341,023
Interest on long-term debt	611,498	89,742	284,456	196,684	259,279	312,259	368,987	419,369	450,205	469,774
Total expenses	51,202,460	48,881,059	47,605,652	45,079,861	44,775,273	44,076,317	43,648,728	44,586,261	47,730,479	37,719,698
Program Revenues:										
Charges for services:										
General government	354,803	334,535	330,789	331,161	307,991	310,197	314,490	331,000	444,108	432,258
Public safety	172,264	175,584	82,916	87,190	77,903	48,487	199,872	306,825	61,697	102,218
Civic and human services	975	1,274	1,250	975	550	525	850	900	11,472	29,993
Public works and utilities	2,460,626	2,199,579	2,190,984	2,153,810	2,166,724	2,116,544	2,108,720	2,076,501	2,638,709	2,162,517
Education	575,870	591,855	462,261	454,627	501,103	517,287	580,766	498,749	468,912	502,271
Regulatory	201,477	156,507	146,059	107,721	110,638	95,970	170,035	109,184	257,085	270,305
Culture and recreation	266,383	210,777	206,256	196,679	209,251	218,155	231,110	247,327	512,574	277,038
Operating grants and contributions	13,052,314	11,819,345	13,204,237	12,414,880	12,786,216	12,786,945	12,048,503	12,133,613	18,389,367	10,089,877
Capital grants and contributions	10,431,742	6,813,942	1,570,666	981,075	1,422,995	496,985	1,196,987	1,368,159	-	206,205
Total program revenues	27,516,454	22,303,398	18,195,418	16,728,118	17,583,371	16,591,095	16,851,333	17,072,258	22,783,924	14,072,682
Net expenses	(23,686,006)	(26,577,661)	(29,410,234)	(28,351,743)	(27,191,902)	(27,485,222)	(26,797,395)	(27,514,003)	(24,946,555)	(23,647,016)
General Revenues:										
Property taxes	32,164,130	31,378,784	30,545,568	29,729,485	29,054,004	29,078,949	27,760,475	27,202,929	25,868,511	24,150,645
Grants and contributions not restricted to specific programs	152,200	237,767	218,407	227,704	229,541	251,865	264,189	359,057	425,663	406,978
Investment income	102,101	236,524	37,313	65,317	47,794	80,509	142,627	230,040	521,414	654,130
Miscellaneous	27,402	45,840	112,659	107,431	66,258	174,713	304,570	221,078	21,225	32,709
Total General Revenues	32,445,833	31,898,915	30,913,947	30,129,937	29,397,597	29,586,036	28,471,861	28,013,104	26,836,813	25,244,462
Change in Net Position	\$ 8,759,827	\$ 5,321,254	\$ 1,503,713	\$ 1,778,194	\$ 2,205,695	\$ 2,100,814	\$ 1,674,466	\$ 499,101	\$ 1,890,258	\$ 1,597,446

Table 3

Town of East Hampton, Connecticut

Fund Balances, Governmental Funds
Last Ten Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 215,550	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-	-	-	-	1,687	1,888	1,888
Unassigned	4,959,395	5,064,400	4,872,509	4,873,812	4,365,605	4,350,654	4,083,407	4,592,586	4,569,543	3,942,876
Total General Fund	4,959,395	5,064,400	4,872,509	4,873,812	4,581,155	4,350,654	4,083,407	4,594,273	4,571,431	3,944,764
All Other Governmental Funds:										
Nonspendable	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500
Restricted	808,733	622,569	1,727,619	2,225,500	3,167,500	3,015,888	3,010,510	5,817,523	6,242,711	5,513,518
Committed	5,699,789	13,528,022	5,912,955	5,748,389	3,332,988	3,183,240	3,007,118	842,102	58,005	242,138
Assigned	113,865	169,130	232,188	358,538	435,709	495,906	612,475	372,333	345,317	529,512
Unassigned	(26,062)	-	-	-	(320,066)	(2,615)	(5,976)	-	-	-
Total All Other Governmental Funds	6,611,825	14,335,221	7,888,262	8,347,927	6,631,631	6,707,919	6,639,627	7,047,458	6,661,533	6,300,668
Grand Total	\$ 11,571,220	\$ 19,399,621	\$ 12,760,771	\$ 13,221,739	\$ 11,212,786	\$ 11,058,573	\$ 10,723,034	\$ 11,641,731	\$ 11,232,964	\$ 10,245,432

Table 4

Town of East Hampton, Connecticut

Changes in Fund Balances, Governmental Funds
Last Ten Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Property taxes	\$ 31,981,176	\$ 31,199,130	\$ 30,227,688	\$ 29,330,074	\$ 29,094,729	\$ 28,900,523	\$ 27,402,725	\$26,977,875	\$25,728,961	\$24,111,349
Intergovernmental	23,439,452	18,833,229	14,949,740	13,767,049	14,596,871	13,534,992	13,427,456	13,476,892	19,412,152	11,321,506
Charges for services	3,957,917	3,598,131	3,319,868	3,340,273	3,367,972	3,268,668	3,620,840	3,507,029	3,959,904	3,297,166
Income from investments	102,101	236,524	37,313	65,317	47,794	80,509	142,627	213,850	956,667	1,083,913
Contributions and donations	53,434	181,098	63,714	22,581	12,958	45,691	34,949	43,480	14,973	30,897
Miscellaneous	27,402	45,840	103,238	107,431	66,258	174,713	304,570	221,078	121,332	195,847
Total Revenues	59,561,482	54,093,952	48,701,561	46,632,725	47,186,582	46,005,096	44,933,167	44,440,204	50,193,989	40,040,678
Expenditures:										
Current:										
General government	3,904,068	3,711,488	3,555,998	3,588,818	3,371,103	4,003,971	3,894,843	3,561,676	3,492,675	3,923,904
Public safety	2,577,012	2,458,595	2,385,843	2,301,579	2,391,197	2,271,331	2,556,133	2,367,533	2,064,890	2,003,325
Public works and utilities	5,056,247	5,232,672	3,932,921	4,173,659	4,138,647	4,215,334	5,213,454	4,501,875	4,203,271	3,857,705
Culture and recreation	1,289,322	1,254,488	1,392,707	1,188,691	1,236,785	1,166,176	1,185,665	1,166,392	1,311,823	1,182,446
Civic and human services	420,828	977,274	679,756	416,126	395,823	556,741	376,385	353,640	597,669	306,090
Regulatory	422,147	368,205	378,159	364,173	359,986	430,430	449,453	393,412	321,864	302,164
Education	33,759,174	32,500,120	32,790,124	31,188,500	30,824,266	30,324,038	29,023,145	28,405,370	34,166,701	24,743,670
Debt service:										
Principal	866,085	1,171,716	914,545	977,727	998,844	1,442,383	1,655,951	1,669,547	2,081,470	2,154,642
Interest	232,302	158,256	191,774	224,294	257,686	300,219	333,558	483,480	403,298	462,820
Capital outlay	25,850,728	16,204,393	3,730,812	3,369,141	3,000,532	958,934	1,163,277	4,129,702	620,777	310,641
Total Expenditures	74,377,913	64,037,207	49,952,639	47,792,708	46,974,869	45,669,557	45,851,864	47,032,627	49,264,438	39,247,407
Excess (Deficiency) of Revenues Over Expenditures	(14,816,431)	(9,943,255)	(1,251,078)	(1,159,983)	211,713	335,539	(918,697)	(2,592,423)	929,551	793,271
Other Financing Sources (Uses):										
Issuance of debt	4,810,000	16,415,000	745,000	3,140,000	-	-	-	2,985,000	-	-
Premium	1,116,024	167,105	35,689	28,936	-	-	-	16,190	-	-
Capital lease proceeds	1,062,006	-	-	-	-	-	-	-	-	-
Sale of equipment	-	-	9,421	-	-	-	-	-	-	-
Transfers in	1,601,414	1,040,795	1,783,900	1,015,868	1,704,661	1,164,500	1,804,763	1,612,226	1,513,973	1,719,689
Transfers out	(1,601,414)	(1,040,795)	(1,783,900)	(1,015,868)	(1,762,161)	(1,164,500)	(1,804,763)	(1,612,226)	(1,513,973)	(1,719,689)
Net Other Financing Sources (Uses)	6,988,030	16,582,105	790,110	3,168,936	(57,500)	-	-	3,001,190	-	-
Net Change in Fund Balances	\$ (7,828,401)	\$ 6,638,850	\$ (460,968)	\$ 2,008,953	\$ 154,213	\$ 335,539	\$ (918,697)	\$ 408,767	\$ 929,551	\$ 793,271
Debt Service as a Percentage of Noncapital Expenditures	2.29%	2.79%	2.40%	2.72%	2.72%	3.93%	4.68%	12.33%	5.14%	6.82%

Table 5

Town of East Hampton, Connecticut

Assessed and Estimated Actual Value of Taxable Property
Last Ten Years
(Unaudited)

Year Ended June 30	Real Estate		Personal Property		Total		Percentage of Total Assessed Value to Total Estimated Value	(1) Total Direct Tax Rate
	Net Assessed Value	Estimated Value	Net Assessed Value	Estimated Value	Net Assessed Value	Estimated Value		
2007	\$ 955,107,270	\$ 1,364,438,957	\$ 102,658,399	\$ 146,654,856	\$ 1,057,765,669	\$ 1,511,093,813	70.00%	22.48
2008	985,459,600	1,407,799,429	110,538,107	157,911,581	1,095,997,707	1,565,711,010	70.00%	23.30
2009	1,010,910,310	1,444,157,586	113,728,362	162,469,089	1,124,638,672	1,606,626,674	70.00%	23.81
2010	1,024,849,850	1,464,071,214	115,963,214	165,661,734	1,140,813,064	1,629,732,949	70.00%	24.01
2011	1,031,071,297	1,472,958,996	116,389,556	166,270,794	1,147,460,853	1,639,229,790	70.00%	24.98
2012	997,694,577	1,425,277,967	116,989,453	167,127,790	1,114,684,030	1,592,405,757	70.00%	25.68
2013	1,001,807,950	1,431,154,214	123,855,863	176,936,947	1,125,663,813	1,608,091,161	70.00%	25.97
2014	1,005,402,915	1,436,289,879	122,101,568	174,430,811	1,127,504,483	1,610,720,690	70.00%	26.63
2015	1,011,357,214	1,444,796,020	123,287,597	176,125,139	1,134,644,811	1,620,921,159	70.00%	27.14
2016	1,015,087,787	1,450,125,410	125,225,394	178,893,420	1,140,313,181	1,629,018,830	70.00%	27.78

Source: Town of East Hampton, Assessor's Office

(1) There are no overlapping governments or tax rates.

Table 6

Town of East Hampton, Connecticut

Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Name	Nature of Business	2016			2007		
		Assessed Value	Rank	Percentage Net Taxable Grand List (1)	Assessed Value	Rank	Percentage Net Taxable Grand List (1)
CT Light & Power Co.	Utility	\$ 15,593,400	1	1.37%	\$ 10,847,420	1	1.03%
Landmark East Hampton LLC	Mall Real Estate	7,400,000	2	0.65%	2,437,680	9	0.23%
Hampton 66 LLC	Real Estate Developer	3,261,600	3	0.29%	-	-	-
East High Street Realty	Real Estate	2,336,370	4	0.20%	-	-	-
Skyline Estates LLC	Real Estate Developer	2,276,590	5	0.20%	-	-	-
American Distilling	Manufacturer	2,228,560	6	0.20%	3,974,060	5	0.38%
Global Self Storage	Commercial Real Estate	2,099,452	7	0.18%	-	-	-
Pauls & Sandys Too, Inc.	Real Estate - Commercial/Farm	2,073,090	8	0.18%	-	-	-
Rechovos	Real Estate Developer	1,938,020	9	0.17%	-	-	-
Z Incorporated	Convalescent Home	1,768,000	10	0.16%	-	-	-
Toll Connecticut Limited Partnership	Real Estate Developer	-		-	6,061,050	2	0.57%
William W. Rand & Companies	Real Estate Developer	-		-	5,296,510	3	0.50%
Royal Oaks LLC / Tarragon Dev. LLC	Real Estate Developer	-		-	4,607,780	4	0.44%
Dream Developers of Cape Cod Inc.	Real Estate Developer	-		-	3,726,408	6	0.35%
Nichols Bus Service, Inc.	Bus Company	-		-	2,684,010	7	0.25%
Noslen, Inc./Gustine Family Ltd	Campground	-		-	2,620,070	8	0.25%
Dream Developers of Cape Cod Inc.	Real Estate Developer	-		-	2,117,930	10	0.20%
TOTALS		<u>\$ 40,975,082</u>		<u>3.60%</u>	<u>\$ 44,372,918</u>		<u>4.20%</u>

Source: Assessor's Office, Town of East Hampton

(1) Based on October 1, 2014 and 2005 net taxable Grand List of \$1,140,313,181 and \$1,057,765,669, respectively.

Table 7**Town of East Hampton, Connecticut**

Tax Rates, Levies and Cash Collections
Last Ten Years
(Unaudited)

Year Ended June 30	Mill Rate	(1) Total Adjusted Tax Levy	Net Current Levy Tax Collections	Percentage of Current Taxes Collected	Collections in Subsequent Years	Total Collections	Percent of Levy Collected	Current Delinquent Balance
2007	22.48	\$ 24,025,670	\$ 23,745,910	98.84%	\$ 273,873	\$ 24,019,783	99.98%	\$ 5,887
2008	23.30	25,712,774	25,357,394	98.62%	345,030	25,702,424	99.96%	10,350
2009	23.81	26,925,160	26,429,212	98.16%	464,461	26,893,673	99.88%	31,487
2010	24.01	27,458,502	26,889,271	97.93%	518,250	27,407,521	99.81%	50,981
2011	24.98	28,730,903	28,141,090	97.95%	491,997	28,633,087	99.66%	97,816
2012	25.68	28,705,137	28,141,477	98.04%	399,016	28,540,493	99.43%	164,644
2013	25.97	29,347,660	28,659,192	97.65%	474,241	29,133,433	99.27%	214,227
2014	26.63	30,178,771	29,481,088	97.69%	419,477	29,900,565	99.08%	278,206
2015	27.14	30,951,102	30,345,144	98.04%	240,101	30,585,245	98.82%	365,857
2016	27.78	31,836,966	31,191,920	97.97%	-	31,191,920	97.97%	645,046

(1) Adjusted tax levy equals the tax levy after lawful corrections, abatements and transfers to suspense.

NOTE: There are no overlapping of tax rates.

Source: Town of East Hampton Tax office

Town of East Hampton, Connecticut

Ratios of Outstanding Debt By Type
Last Ten Years
(Unaudited)

Year Ended June 30	General Obligation Bonds and Notes	Clean Water Notes	Premiums	Capital Leases	Total	Percentage of Personal Income	Per Capita
2007	\$ 10,220,000	\$ 654,235	\$ 96,035	\$ -	\$ 10,970,270	2.60%	\$ 881
2008	8,610,000	586,063	85,629	-	9,281,692	2.06%	740
2009	9,995,000	516,516	75,223	-	10,586,739	2.29%	844
2010	8,410,000	445,565	64,926	-	8,920,491	1.93%	699
2011	7,040,000	373,182	54,575	-	7,467,757	1.78%	574
2012	6,115,000	299,338	44,224	-	6,458,562	1.27%	497
2013	8,340,000	236,611	33,873	-	8,610,484	1.74%	665
2014	8,250,000	210,815	57,425	-	8,518,240	1.65%	660
2015	23,625,000	184,498	47,202	-	23,856,700	4.33%	1,853
2016	27,715,000	157,650	1,065,479	976,617	29,914,746	5.38%	2,327

(1) There is no overlapping debt for the Town.

Note: Details regarding the Town's outstanding debt can be found in the notes to financial statements.

Table 9

Town of East Hampton, Connecticut

**Ratios of General Bonded Debt Outstanding
Last Ten Years
(Unaudited)**

General Obligation Debt Outstanding (1)							Percentage of Actual Taxable Value of Property	Per Capita
Year Ended June 30	General Obligation Bonds and BANs	Premiums	Capital Leases	Total				
2007	\$ 10,220,000	\$ 96,035	\$ -	\$ 10,316,035	0.73%	\$ 828		
2008	8,610,000	85,629	-	8,695,629	0.59%	693		
2009	9,995,000	75,223	-	10,070,223	0.66%	803		
2010	8,410,000	64,926	-	8,474,926	0.55%	664		
2011	7,040,000	54,575	-	7,094,575	0.46%	546		
2012	6,115,000	44,224	-	6,159,224	0.41%	474		
2013	8,340,000	33,873	-	8,373,873	0.54%	647		
2014	8,250,000	57,425	-	8,307,425	0.53%	643		
2015	23,625,000	47,202	-	23,672,202	1.46%	1,839		
2016	27,715,000	1,065,479	976,617	29,757,096	1.83%	2,314		

(1) There is no overlapping debt for the Town.

Note: Details regarding the Town's outstanding debt can be found in the notes to financial statements.

Town of East Hampton, Connecticut

Schedule of Debt Limitation
Connecticut Statutes, Section 7-374(b)
June 30, 2016
(Unaudited)

Tax base:

Total tax collections (including interest and lien fees)	\$ 31,878,542
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	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
<u>Debt limitation:</u>					
2 1/4 times base	\$ 71,726,720	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	143,453,439	-	-	-
3 3/4 times base	-	-	119,544,533	-	-
3 1/4 times base	-	-	-	103,605,262	-
3 times base	-	-	-	-	95,635,626

Total limitations	71,726,720	143,453,439	119,544,533	103,605,262	95,635,626
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Indebtedness:

Bonds/notes	6,452,000	21,263,000	157,650	-	-
Bond anticipation notes	-	5,000,000	-	-	-
Net indebtedness	6,452,000	26,263,000	157,650	-	-

Debt limitation in excess of outstanding debt	\$ 65,274,720	\$ 117,190,439	\$ 119,386,883	\$ 103,605,262	\$ 95,635,626
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The total net indebtedness above amounts to:	\$ 32,872,650
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In no event shall total indebtedness exceed seven times the base for debt limitation computation:	\$ 223,149,794
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There is no overlapping debt for the Town.

Town of East Hampton, Connecticut

Legal Debt Margin Information
Last Ten Years
(Unaudited)

Year Ended June 30	Debt Limit	Net Debt Applicable To Limit	Legal Debt Margin	Total Net Debt Applicable
2007	\$ 169,056,699	\$ 10,401,858	\$ 158,654,841	6.15%
2008	180,607,840	9,183,692	171,424,148	5.08%
2009	188,416,039	10,511,516	177,904,523	5.58%
2010	191,450,035	7,924,285	183,525,750	4.14%
2011	201,940,109	6,912,469	195,027,640	3.42%
2012	203,328,377	6,084,708	197,243,699	2.99%
2013	204,978,284	8,807,952	196,170,332	4.30%
2014	211,140,356	8,317,300	202,823,056	3.94%
2015	218,324,484	23,809,256	194,515,228	10.91%
2016	223,149,794	32,872,650	190,277,144	14.73%

Table 12

Town of East Hampton, Connecticut

Demographic and Economic Statistics
Last Ten Years
(Unaudited)

Year Ended June 30	(1) Population	(4) Median Household Income	(3) Per Capita Income	(4) Median Age	(4) Education Level in Years of Formal Schooling	(2) School Enrollment	(3) Unemployment Rate
2007	12,459	\$ 79,771	\$ 33,877	31	N/A	2,087	4.80%
2008	12,548	87,173	35,911	32	N/A	2,073	5.80%
2009	12,548	85,262	36,879	32	30% Bachelor Degree or more	2,064	7.70%
2010	12,766	90,470	36,115	32	30% Bachelor Degree or more	2,002	8.70%
2011	12,999	82,529	32,187	32	33% Bachelor Degree or more	1,944	9.60%
2012	12,989	90,539	39,293	39.9	37% Bachelor Degree or more	1,928	7.50%
2013	12,940	91,770	38,149	40	39% Bachelor Degree or more	1,882	7.50%
2014	12,912	93,083	40,017	41	40% Bachelor Degree or more	1,839	4.80%
2015	12,874	109,915	42,794	41	40% Bachelor Degree or more	1,830	4.00%
2016	12,858	96,066	43,207	42	42% Bachelor Degree or more	1,888	5.00%

(1) Source: State of Connecticut, Department of Health Services, US Census.

(2) Town of East Hampton, Board of Education.

(3) Department of Labor, State of Connecticut.

(4) Connecticut Economic Resource Center.

N/A - Information not available

Table 13

Town of East Hampton, Connecticut

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Town of East Hampton	375	1	20.03%	325	1	20.19%
Stop & Shop Supermarket	150	2	8.01%	-		-
Cobalt Lodge	74	3	3.95%	70	2	4.35%
Eversource Energy	50	4	2.67%	50	3	3.11%
American Distilling	50	5	2.67%	45	4	2.80%
Paul's & Sandy's Too Inc.	35	6	1.87%	14	7	0.87%
United State Postal Service	31	7	1.66%	30	6	1.86%
Dattco, Inc.	30	8	1.60%	-		-
Bevin Brothers	18	9	0.96%	35	5	2.17%
TOTAL	813		43.43%	569		35.35%

Source: Connecticut Department of Labor

Note: All other employers have less than 10 employees.

Table 14

Town of East Hampton, Connecticut

Full-Time Equivalent Town Government Employees by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>Administrative and General Government</u>										
Town Clerk	2.0	2.0	2.5	2.5	2.5	2.5	3.0	3.0	3.0	3.0
Town Manager's Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Registrar of Voters	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Town Planning and Zoning	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	3.0	3.0
Human Resources	1.5	1.5	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0
Facilities / Building Maintenance	1.0	1.0	1.0	3.0	3.5	3.3	3.3	3.3	3.3	3.0
Information Technology	1.0									
<u>Finance</u>										
Finance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Assessor	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Tax Collector	2.5	2.5	2.5	2.5	2.5	3.0	3.0	3.0	3.0	3.0
<u>Public Safety</u>										
Fire Marshal	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0	1.0
Police	17.0	17.0	17.0	17.0	17.0	17.0	19.0	19.0	19.0	18.0
Animal Control	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Emergency Communications Center	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Public Works</u>										
Public Works Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Works Operations	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Water Pollution Control	10.5	10.5	10.5	10.5	11.0	11.0	11.0	11.0	10.0	10.0
<u>Health, Social and Senior Services</u>										
Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social and Human Services	1.0	1.0	1.0	1.3	1.3	1.3	1.3	1.5	1.5	1.5
Senior Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<u>Library</u>	8.0	8.0	8.0	8.0	8.0	8.0	7.5	7.5	7.5	7.0
<u>Recreation</u>										
Parks and Recreation	5.5	5.0	5.0	5.0	5.5	5.2	5.2	5.0	5.0	5.0
Grand Total	84.0	83.5	84.0	86.3	87.8	87.8	90.3	90.3	87.8	86.0

Source: Town Human Resources Department.

Table 15

Town of East Hampton, Connecticut

Full-Time Equivalent Employees by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>Town</u>										
Administrative and General Government	13.50	12.50	13.00	15.00	15.50	15.30	16.30	16.30	14.30	14.00
Finance	10.00	10.00	10.00	10.00	10.00	10.50	10.50	10.50	10.50	10.50
Public Safety	17.50	18.50	18.50	18.50	18.50	18.50	20.50	20.50	21.00	20.00
Public Works	26.50	26.50	26.50	26.50	27.00	27.00	27.00	27.00	26.00	26.00
Health, Social and Senior Services	3.00	3.00	3.00	3.30	3.30	3.30	3.30	3.50	3.50	3.50
Library	8.00	8.00	8.00	8.00	8.00	8.00	7.50	7.50	7.50	7.00
Recreation	5.50	5.00	5.00	5.00	5.50	5.20	5.20	5.00	5.00	5.00
Total	84.00	83.50	84.00	86.30	87.80	87.80	90.30	90.30	87.80	86.00
<u>Board of Education</u>										
Certified	172.00	175.00	176.40	175.40	174.00	177.00	177.00	180.00	176.00	165.00
Non-Certified	119.00	125.00	126.00	126.00	126.00	123.00	123.00	123.00	115.00	108.00
Total	291.00	300.00	302.40	301.40	300.00	300.00	300.00	303.00	291.00	273.00
Total	375.00	383.50	386.40	387.70	387.80	387.80	390.30	393.30	378.80	359.00

Source: Town and Board of Education Human Resource Departments.

Table 16

Town of East Hampton, Connecticut

Operating Indicators by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public safety										
Fire										
Incidents	318	351	350	413	445	400	334	323	361	341
Fire Marshall Inspections	214	179	193	174	133	206	226	258	277	235
Police										
Criminal arrests	141	166	139	144	129	247	177	210	170	201
Parking violations	2	15	15	1	2	9	-	12	9	20
Citations	248	343	207	133	418	228	380	293	232	373
Public works										
Street resurfacing (paved miles)	8	10	-	5.12	7.90	6.00	6.15	10.59	-	6.80
Storm drains cleaned	756	1,055	972	-	300	1,024	356	940	1,029	2,529
Parks and recreation										
Sessions / Classes	279	241	228	285	220	200	225	275	325	260
Program enrollments	3,958	3,002	3,536	2,469	1,978	3,040	2,562	3,772	4,000	3,700
Library										
Volumes in collection	78,383	78,403	69,908	69,908	72,543	70,104	74,721	74,085	69,680	65,782
Total volumes borrowed	141,349	140,380	141,078	141,451	138,967	138,042	134,974	129,772	124,887	118,958
Education										
School enrollment	1,888	1,830	1,839	1,882	1,928	1,944	2,002	2,064	2,073	2,087

Source: Various Town Departments.

N/A - Information not available

Town of East Hampton, Connecticut
Capital Asset Statistics by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Parks and Recreation:										
Playgrounds	12	12	12	12	12	12	12	12	12	12
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer	4	4	4	4	4	4	4	4	4	4
Community centers	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Police department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	9	9	9	9	9	8	8
Public Works:										
Highway department										
Streets (miles)	91.6	91.3	91.1	91.1	91.1	90.8	90.4	90.0	88.5	88.5
Wastewater										
Sanitary sewers (miles)	42.96	42.96	42.96	42.96	42.96	42.96	42.96	42.96	40.38	40.38
Treatment capacity (thousands of gallons)	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
Libraries:										
Number of public libraries	2	2	2	2	2	2	2	2	2	2
Education:										
High schools	1	1	1	1	1	1	1	1	1	1
Middle schools	1	1	1	1	1	1	1	1	1	1
Elementary schools	2	2	2	2	2	2	2	2	2	2

Source: Town capital asset records and various Town Departments.