

**Comprehensive Annual
Financial Report**

of the

**Town of East Hampton,
Connecticut**

For the Year Ended

June 30, 2019

**Prepared by:
The Finance Department**

Jeffery M. Jylkka, Finance Director

Town of East Hampton, Connecticut
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

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Introductory Section

Town of East Hampton, Connecticut

List of Principal Officials
June 30, 2019

TOWN COUNCIL

Melissa Engel, Chairperson
Mark Philhower, Vice Chairman
Pete Brown
Tim Feegel
Dean Markham
Josh Piteo
Kevin Reich

BOARD OF FINANCE

Richard Brown, Chairman
Janine Jiantonio, Vice Chairperson
Alannah Coshow
Layne McLennan
Barbara Moore
Eric Peterson
Ted Turner

BOARD OF EDUCATION

Christopher Goff, Chairman
Joanne Barmasse, Vice Chairperson
Amanda Amtmanis
Jarod Bushey
Lori Caldwell
Jeff Carlson
Marc Lambert
Nancy Oakley
Lois Villa

Superintendent of Schools

Paul K. Smith

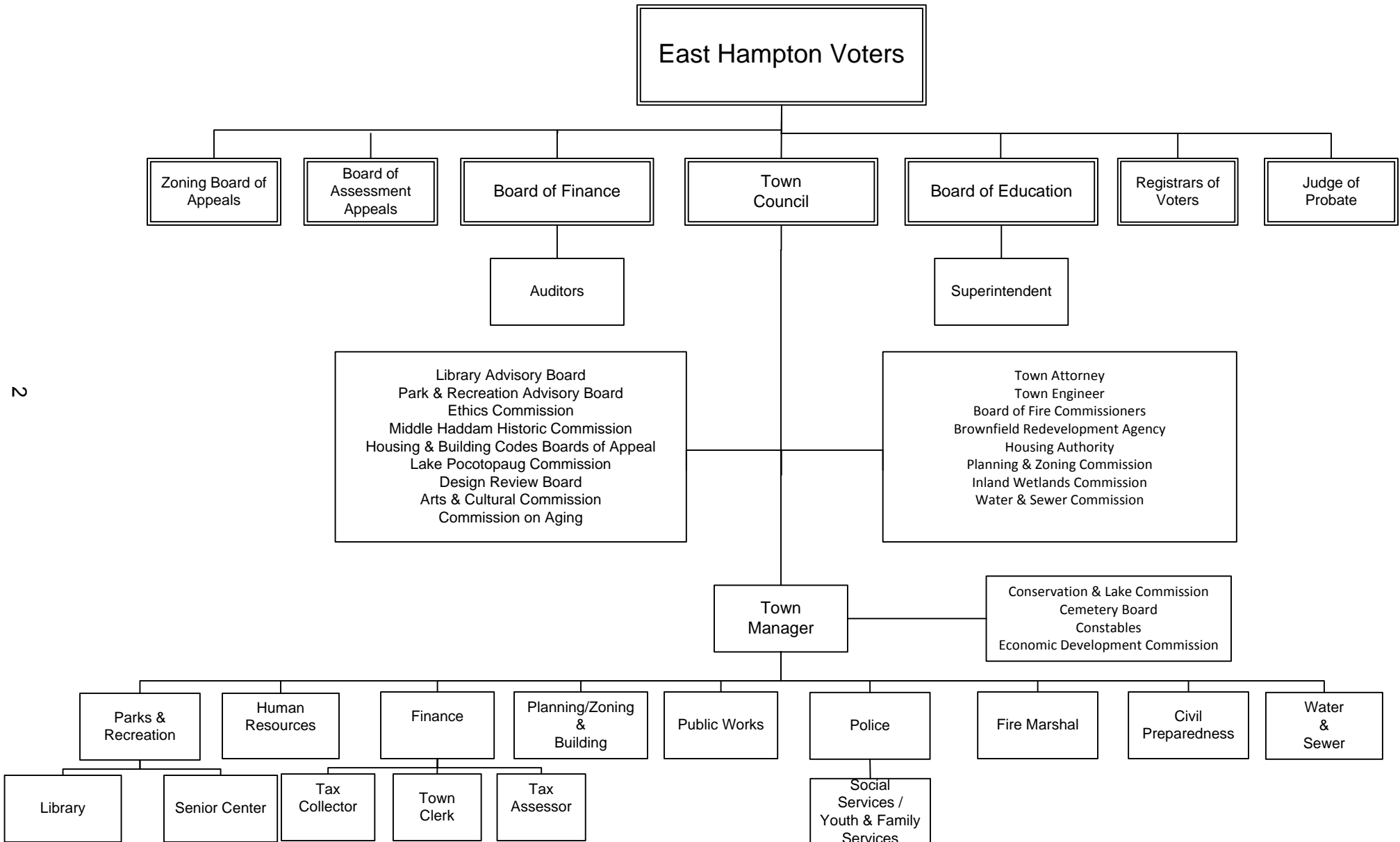
EAST HAMPTON ADMINISTRATIVE OFFICIALS

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

Ellen Paul
Jeremy DeCarli
Glen LeConche
Dennis Woessner
Jo Ann H. Ewing
Jeffery M. Jylkka
Rich Klotzbier
Jeremy Hall
Jodi Brazal
Dean Michelson
Tim Smith
Greg Voelker
Kelly Bilodeau

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 23, 2019

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, 2019. 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.

PKF O'Connor Davies 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, 2019, 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, 2019, 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 2019 population was estimated at 12,854. 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 required supplementary information (RSI) schedules, 1A to 1D, RSI 1E 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 decreased from 3.4% to 3.0% and are slightly lower than the national average of 3.8% and are below regional and state levels as well. 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.

On November 7, 2017, voters approved a \$18,981,000 Town Hall and Police Department facility project that will be financed with bond funds. Construction for the project broke ground in September 2018 and is expected to be complete by March 2020. A fuel island and underground tank removal project began in 2017 and was completed in December 2018. Funding for the project came from bond funds. At a Town Meeting held on March 3, 2019 voters approved the following projects that will be financed with bond funds: Fire Engine Acquisition (\$679,000); Police Radio System Upgrades (\$845,000) and Center School Heating System Improvements (\$277,000).

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 have enabled the Town to maintain its unassigned fund balance, which represents 12.5% 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.

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 September 2018, the Town issued \$12,675,000 of bond anticipation notes for the Town Hall / Police Department facility project (\$11,500,000), the fuel island project (\$475,000) and High School project (\$700,000). These notes were due in September 2019. In September 2019, the town issued \$13,670,000 of general obligation bonds to permanently finance the Town Hall (\$11,500,000), Fuel Island (\$475,000), Fire Engine Acquisition (\$679,000), Police Radio System Upgrades (\$845,000) and Center School Heating System Improvements projects (\$277,000) and issued an additional \$8,181,000 of notes for the High School (\$700,000) and the Town Hall projects (\$7,481,000).

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 of which 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. An investment policy is also in place. The purpose is to provide guidelines for the prudent and productive investment of funds.

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.

Faced with significant reductions in state aid that were imposed after the budget was approved, the Town launched a proactive effort to reclaim money from 50 of the town's most delinquent accounts. This aggressive action helped eliminate the negative impact of the state's decision.

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, 2018, which was the seventh award the Town has received. 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 and the support of the Town Manager. Each member has my sincere appreciation for their contributions made in the preparation of this report. I would also like to recognize my Assistant Finance Director, Valerie Hyde, CPA, who provided service above and beyond expectations and at the highest level of professionalism. I also appreciate the professional service and assistance rendered by PKF O'Connor Davies 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,



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, 2018

Christopher P. Morrill

Executive Director/CEO

Financial Section

Independent Auditors' 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, ("Town") as of and for the year ended June 30, 2019, 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.

Auditors' Responsibility

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

**Board of Finance
Town of East Hampton, Connecticut**

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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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension and other post-employment benefit schedules, as listed in the table of contents, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town'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.

**Board of Finance
Town of East Hampton, Connecticut**

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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 23, 2019, on our consideration of the Town'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's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
December 23, 2019



TOWN OF EAST HAMPTON

20 East High Street
East Hampton, CT 06424

David E. Cox
Town Manager
860.267.4468

Jeffery M. Jylkka
Finance Director
860.267.7548

Management's Discussion and Analysis For the Year Ended June 30, 2019

As management of the Town of East Hampton, Connecticut ("Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$92,231,177 (*net position*). Of this amount, unrestricted net position was a deficit balance of \$386,430.
- The Town's total net position increased by \$657,948. The increase is due substantially to the result of the positive operations of the general fund and capital initiatives fund of \$277,720 and \$4,631,505, respectively or set by the net activity of the capital assets and long-term debt (accrual basis).
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$16,185,563, an increase of \$4,467,808 in comparison with the prior year. This increase is the result of the positive operations of the general fund and capital initiatives fund of \$277,720 and \$4,631,505, respectively, off set by the decrease in fund balance for the capital reserves fund of \$420,379 and other governmental funds \$21,038. The capital initiatives fund balance increase was mostly due to permanently financing \$11,975,000 in bond anticipation notes and increase in income from investments of \$127,071.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,713,344, an increase of \$277,720 in comparison with the prior year. This fund balance represents 12.60% 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 of resources, liabilities, and deferred inflows of resources, 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)

For 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 2 and 3 in this report.

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget (RSI-1A).

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 F, G and H 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 I and J). 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 OPEB liability and the progress in funding its obligations to provide pension and other post-employment benefits to its employees.

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

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 0.72%, from a year ago – increasing from \$91,573,229 to \$92,231,177.

By far the largest portion of the Town's net position 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 Statements of Net Position
June 30**

	2019	2018
Current and other assets	\$ 21,571,188	\$ 18,416,938
Capital assets, net	134,757,648	127,468,422
Total assets	156,328,836	145,885,360
Deferred outflows of resources	1,025,330	767,736
Long-term liabilities outstanding	57,261,418	46,014,996
Other liabilities	7,549,475	8,563,185
Total liabilities	64,810,893	54,578,181
Deferred inflows of resources	312,096	501,686
Net investment in capital assets	90,815,986	92,111,852
Restricted	1,801,621	1,411,558
Unrestricted	(386,430)	(1,950,181)
Total net position	\$ 92,231,177	\$ 91,573,229

A portion of the Town's net position (1.95%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit balance in the amount of \$386,430.

The Town's net position increased by \$657,948. The increase is due substantially to the result of the positive operations of the general fund and capital initiatives fund of \$277,720 and \$4,631,505, respectively or set by the net activity of the capital assets and long-term debt (accrual basis).

The following table details the revenues and expenditures for the fiscal year, with a comparison to the prior fiscal.

**Statements of Changes in Net Position
For the Years Ended June 30**

	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 4,697,965	\$ 4,097,192
Operating grants and contributions	14,430,674	15,010,161
Capital grants and contributions	201,850	229,450
General revenues:		
Property taxes	36,855,185	35,727,324
Grants and contributions not restricted to specific programs	154,988	156,382
Investment income	279,650	92,757
Other	87,368	2,704
 Total revenues	 56,707,680	 55,315,970
 Expenses:		
General government	3,074,835	3,061,842
Public safety	3,794,082	3,925,006
Public works and utilities	5,682,984	6,052,715
Culture and recreation	2,105,434	1,729,582
Health and human services	500,180	689,520
Regulatory	531,294	522,221
Education	39,253,487	40,215,775
Interest	1,107,436	1,033,464
 Total expenses	 56,049,732	 57,230,125
 Change in net position	 657,948	 (1,914,155)
 Net position - July 1 (as restated)	 91,573,229	 93,487,384
 Net position - June 30	 \$ 92,231,177	 \$ 91,573,229

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

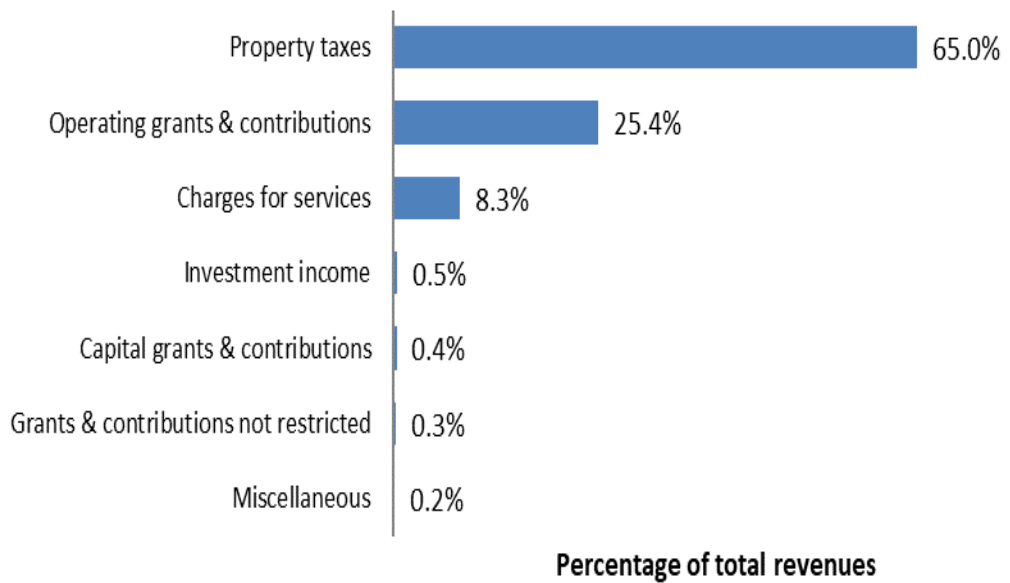
Revenues:

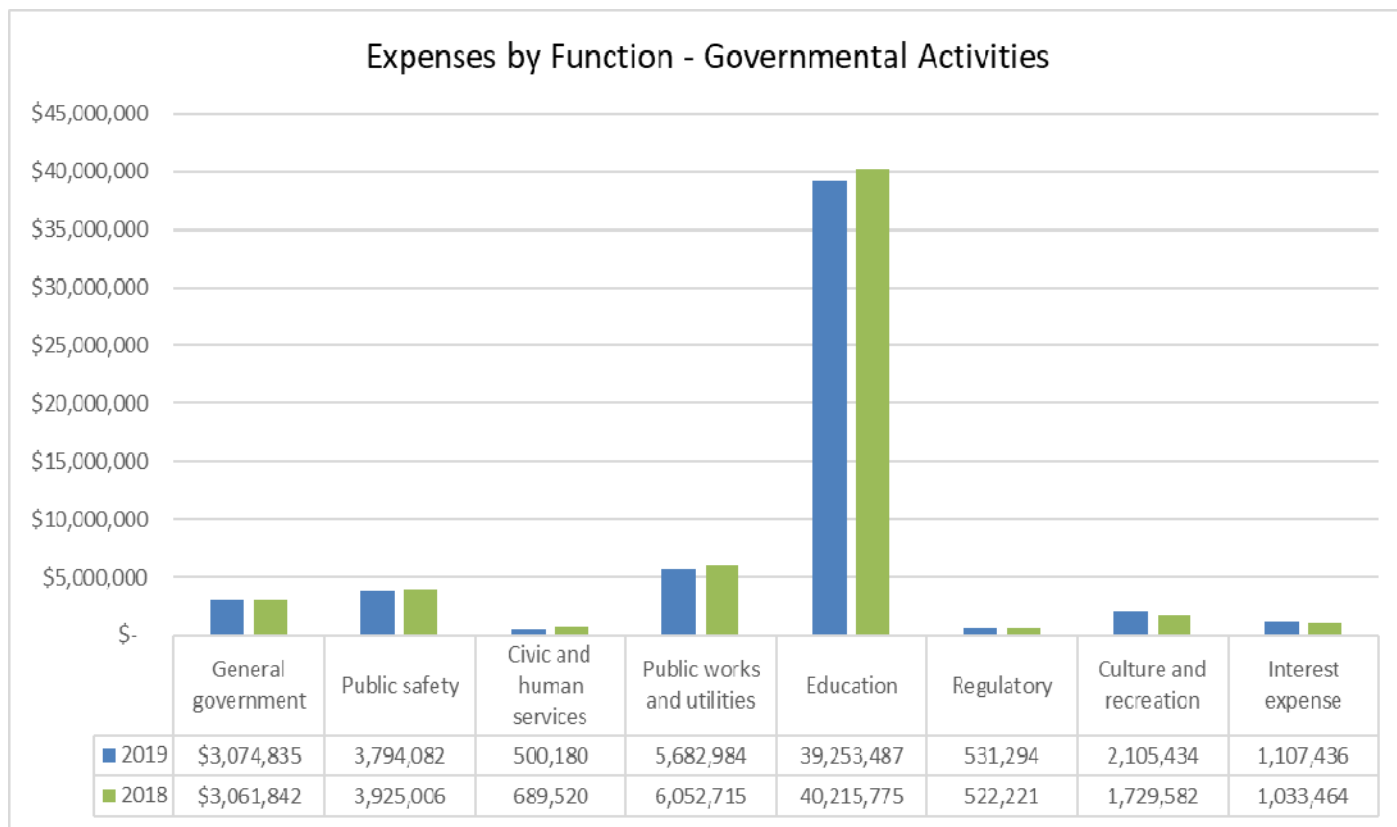
- The \$1,127,861 increase in property taxes was due to increase in the budget and, therefore, the related tax levy.
- Operating grants and contributions decreased by \$579,487 substantially due to a decrease in the equalized cost sharing and highway planning grants and a decrease in the State Teachers' pension and OPEB on-behalf amounts.
- The \$600,773 increase in charges for services was due to an increase in dump fees revenue and sewer assessment revenues.

Expenses:

- Culture and recreation expenses increased by \$375,946 as a result of an increase in expenses relating to the airline trail extension project and increase in pension expense.
- Decrease of \$942,053 in education expenses from prior year due to a decrease in the board of education budget and decrease in the State Teachers' pension and OPEB on-behalf amounts.

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 \$16,185,563. \$10,484,862 is not available for new spending because it has already been classified as 1) nonspendable (\$224,357) for the library endowment and small cities receivable, 2) restricted (\$1,570,709), and 3) committed (\$8,689,796).

The total fund balance increased from \$11,717,755 to \$16,185,563. This increase is a result of the positive operations of the general fund and capital initiatives funds of \$277,720 and \$4,631,505, respectively, as detailed below.

General Fund. 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 \$5,713,344. 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 12.60% of total general fund expenditures and transfers out.

General Fund Budgetary Highlights

Significant budget transfers and additional appropriations made during the year were as follows:

- Transfer of \$140,000 from capital reserve transfer out to teachers' salaries and benefits.
- Transfer in of \$91,084 for the Board of Education STARS program.

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 revenues and other financing sources exceeded its expenditures and other financing uses by \$4,631,505. This is due to the permanently financing of bond anticipation notes in the amount of \$11,975,000.

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 and other financing uses exceed its revenues and other financing sources by \$420,379 as a result of timing of funding and capital purchases.

Capital Assets and Debt Administration

Capital assets. At year end, the Town's capital assets totaled \$134,757,648, 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 \$7,289,226 or (5.72%). This increase is largely due to the increase in construction in progress, for the High School renovation project (\$220,932) and the Town Hall / Police Department facility project (\$7,029,667) and machinery and equipment purchases of \$1,231,611 offset by depreciation of \$2,366,164.

Major capital asset purchases for included in the machinery and equipment additions of \$1,231,611, included the following:

➤ 2019 lee boy paver	\$167,429
➤ Two 2019 police explorers	58,454
➤ 2018 dump truck	176,600
➤ Generator	56,530
➤ Fuel island	439,675
➤ Radio tower upgrades	90,792
➤ Town hall copiers	40,579

**Capital Assets
(Net of Accumulated Depreciation)**

	2019	2018
Land	\$ 2,677,322	\$ 2,677,322
Intangible assets	698,000	701,650
Construction in progress	59,065,958	51,296,977
Buildings	24,075,871	24,930,996
Improvements other than buildings	126,123	132,729
Machinery and equipment	8,974,930	8,655,497
Infrastructure	39,139,444	39,073,251
Totals	\$ 134,757,648	\$127,468,422

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

Long-term debt. At the end of the current fiscal year, the Town had total long-term debt of \$42,589,211, an increase of \$9,666,890 as compared to the prior year. The increase is primarily due to the issuance of \$700,000 in bond anticipation notes, and permanently financing \$11,975,000 in bond anticipation notes offset by principal payments of \$2,085,000. All debt is backed by the full faith and credit of the Town.

**Outstanding Debt
Long-Term Obligations**

	2019	2018
General obligation bonds	\$29,325,000	\$ 31,410,000
Permanently financed bond anticipation notes	11,975,000	-
Notes	580,126	803,236
Totals	\$41,880,126	\$ 32,213,236

The Town maintains a bond rating of "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 \$259,351,099, 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. G.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town is currently 3.0%. This is lower than both the state's average unemployment rate of 3.8% and the Hartford Labor Market rate of 3.9%. The Town is slightly below the national average of 3.8%.
- According to the Bureau of Census American Community Survey 5-Year Estimates, 2013-2017, per capita income in East Hampton was \$43,426, comparable to Middlesex County (\$43,695) and slightly above the State (\$41,365). Median family income was \$116,466 versus \$104,985 for the county and \$93,800 for the State. The percent of families below poverty level was 2.2% for the Town. The county percentage was 4.5% and the State's was 7.0%.
- The net taxable grand list for fiscal year 2019 increased approximately 0.8%. This increase was driven by growth in all segments of the grand list.
- Funding for formulary grants from the State of Connecticut continues to decline. Since 2008, the percent of total general fund revenue from state grants has dropped from 25.9% to 17.0%. This downward trend has been factored into our intergovernmental revenue estimates.
- The total number of building permits for fiscal year 2019 increased from 1,010 to 1,129 or 12% over last fiscal year. The value of permits issued increased by 83%. The significant increase in the value of permits was due to the new Town Hall project for which fee revenue was waived. Excluding this project, overall permit values remained flat and a result our revenue estimates have been adjusted downward accordingly.
- Debt service payments remain unchanged compared to 2018-2019.

All of these factors were considered in preparing the Town's budget for the 2020 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, 2019**

Assets

Current assets:	
Cash	\$ 8,983,994
Investments	11,094,246
Receivables:	
Property taxes	215,192
Assessments	111,724
Intergovernmental	230,700
Other	324,248
Other assets	<u>25,747</u>
Total current assets	<u>20,985,851</u>
Noncurrent assets:	
Restricted assets:	
Restricted cash	64,661
Temporarily restricted investments	1,355
Permanently restricted investments	<u>15,500</u>
Total restricted assets	<u>81,516</u>
Receivables (net):	
Property taxes	195,731
Assessments	126,433
Loans	<u>181,657</u>
Total receivables (net)	<u>503,821</u>
Capital assets (net of accumulated depreciation and amortization)	
Land	2,677,322
Intangible assets (net)	698,000
Construction in progress	59,065,958
Buildings	24,075,871
Improvements other than buildings	126,123
Machinery and equipment	8,974,930
Infrastructure	<u>39,139,444</u>
Total capital assets (net of accumulated depreciation and amortization)	<u>134,757,648</u>
Total noncurrent assets	<u>135,342,985</u>
Total assets	<u>156,328,836</u>

Deferred Outflows of Resources

Pension related	884,988
OPEB related	<u>140,342</u>
Total deferred outflows of resources	<u>1,025,330</u>

The notes to financial statements are an integral part of these statements.

(Continued)

Town of East Hampton, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2019Liabilities

Current liabilities:	
Accounts payable	\$ 2,493,161
Retainage payable	415,781
Accrued liabilities	481,780
Accrued payroll	207,630
Accrued interest payable	416,602
Unearned revenue	237,318
Developer bonds	64,661
Bond anticipation notes	700,000
Bonds and notes payable	2,346,494
Capital lease payable	26,820
Compensated absences	144,228
Environmental obligation	15,000
	<hr/>
Total current liabilities	7,549,475
	<hr/>
Noncurrent liabilities:	
Bonds, notes and related liabilities	40,840,281
Capital lease payable	28,067
Compensated absences	1,337,028
Net pension liability	10,480,640
OPEB liability	4,203,743
Environmental obligation	371,659
	<hr/>
Total noncurrent liabilities	57,261,418
	<hr/>
Total liabilities	64,810,893

Deferred Inflows of Resources

Pension related	214,821
OPEB related	97,275
	<hr/>
Total deferred inflows of resources	312,096

Net Position

Net investment in capital assets	90,815,986
Restricted for:	
Endowments:	
Expendable	1,355
Nonexpendable	15,500
Housing rehabilitation	215,412
Public works	1,533,797
Education	35,557
Unrestricted	(386,430)
	<hr/>
Total net position	\$ 92,231,177

The notes to financial statements are an integral part of these statements.

(Concluded)

Town of East Hampton, Connecticut

Statement of Activities
 Governmental Activities
 For The Year Ended June 30, 2019

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	\$ 3,074,835	\$ 381,373	\$ 248,299	\$ -	\$ (2,445,163)
Public safety	3,794,082	127,270	7,722	-	(3,659,090)
Public works and utilities	5,682,984	2,938,823	295,906	-	(2,448,255)
Culture and recreation	2,105,434	318,290	400,352	-	(1,386,792)
Health and human services	500,180	1,525	15,650	-	(483,005)
Regulatory	531,294	207,224	-	-	(324,070)
Education	39,253,487	723,460	13,462,745	201,850	(24,865,432)
Interest	1,107,436	-	-	-	(1,107,436)
Total	\$ 56,049,732	\$ 4,697,965	\$ 14,430,674	\$ 201,850	(36,719,243)
General revenues:					
Property taxes					36,855,185
Grants and contributions not restricted to specific programs					154,988
Income from investments					279,650
Other					87,368
Total general revenues					37,377,191
Change in net position					657,948
Net position - July 1, 2018					91,573,229
Net position - June 30, 2019					\$ 92,231,177

Town of East Hampton, Connecticut

Balance Sheet
Governmental Funds
June 30, 2019

	General	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
<u>Assets</u>					
Cash	\$ 4,844,973	\$ -	\$ 624,134	\$ 3,514,887	\$ 8,983,994
Restricted cash	64,661	-	-	-	64,661
Investments	2,790,683	7,915,695	-	404,723	11,111,101
Receivables:					
Property taxes	499,176	-	-	-	499,176
Assessments and use charges	-	-	-	200,207	200,207
Intergovernmental	335	-	-	230,365	230,700
Loans	-	-	-	208,857	208,857
Other	30,464	-	-	293,784	324,248
Due from other funds	436,763	866,822	1,347,347	289,678	2,940,610
Other	17,148	-	-	8,599	25,747
Total assets	\$ 8,684,203	\$ 8,782,517	\$ 1,971,481	\$ 5,151,100	\$ 24,589,301
<u>Liabilities</u>					
Accounts payable	\$ 937,787	\$ 1,125,564	\$ 242,328	\$ 187,482	\$ 2,493,161
Retainage payable	-	415,781	-	-	415,781
Accrued liabilities	204,657	277,123	-	-	481,780
Accrued payroll	207,630	-	-	-	207,630
Bond anticipation notes payable	-	700,000	-	-	700,000
Due to other funds	1,056,948	1,446,899	-	600,177	3,104,024
Developer bonds	64,661	-	-	-	64,661
Unearned revenue	-	-	-	237,318	237,318
Total liabilities	2,471,683	3,965,367	242,328	1,024,977	7,704,355
<u>Deferred Inflows of Resources</u>					
Unavailable revenues:					
Property taxes	499,176	-	-	-	499,176
Water charges	-	-	-	18,868	18,868
Sewer assessment and use charges	-	-	-	181,339	181,339
Total deferred inflows of resources	499,176	-	-	200,207	699,383
<u>Fund Balances</u>					
Nonspendable	-	-	-	224,357	224,357
Restricted	-	-	-	1,570,709	1,570,709
Committed	-	4,817,150	1,729,153	2,143,493	8,689,796
Unassigned	5,713,344	-	-	(12,643)	5,700,701
Total fund balances	5,713,344	4,817,150	1,729,153	3,925,916	16,185,563
Total liabilities, deferred inflows of resources and fund balances	\$ 8,684,203	\$ 8,782,517	\$ 1,971,481	\$ 5,151,100	\$ 24,589,301

(Continued)

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

**Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2019**

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)	\$ 16,185,563
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Beginning capital assets	127,468,422
Current capital asset additions (net of construction in progress decreases)	9,688,989
Depreciation expense	(2,366,164)
Disposal and sale of capital assets	(33,599)
Other long-term assets and deferred outflows of resources are not available resources and, therefore, are not reported in the funds:	
Property tax and sewer assessment interest and lien accrual	189,816
Allowance for doubtful accounts	(267,319)
Deferred outflows of resources related to pensions	884,988
Deferred outflows of resources related to OPEB	140,342
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 use charges - accrual basis change	699,383
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	163,414
Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(41,880,126)
Premiums	(1,306,649)
Capital lease	(54,887)
Compensated absences	(1,481,256)
Net pension liability	(10,480,640)
OPEB liability	(4,203,743)
Environmental obligation	(386,659)
Accrued interest payable	(416,602)
Deferred inflows of resources related to pensions	(214,821)
Deferred inflows of resources related to OPEB	(97,275)
Net position of governmental activities (Exhibit A)	<u>\$ 92,231,177</u>

(Concluded)

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For The Year Ended June 30, 2019

	General	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 37,184,386	\$ -	\$ -	\$ -	\$ 37,184,386
Intergovernmental	12,684,066	1,440	-	2,034,827	14,720,333
Charges for services	600,800	-	5,205	4,225,876	4,831,881
Income from investments	110,384	144,908	7,966	16,392	279,650
Contributions and donations	-	-	-	67,179	67,179
Other	6,365	81,003	-	-	87,368
Total revenues	50,586,001	227,351	13,171	6,344,274	57,170,797
Expenditures:					
Current:					
General government	4,105,289	6,809,728	60,859	273,966	11,249,842
Public safety	2,519,803	-	308,604	143,846	2,972,253
Public works and utilities	2,139,463	218,758	399,988	2,822,995	5,581,204
Culture and recreation	1,008,485	-	255,610	771,215	2,035,310
Health and human services	414,987	-	-	12,385	427,372
Regulatory	363,711	-	-	-	363,711
Education	35,767,037	307,203	220,695	2,202,031	38,496,966
Debt service	3,228,384	437,678	-	30,293	3,696,355
Total expenditures	49,547,159	7,773,367	1,245,756	6,256,731	64,823,013
Excess (deficiency) of revenues over expenditures	1,038,842	(7,546,016)	(1,232,585)	87,543	(7,652,216)
Other financing sources (uses):					
Issuance of debt	-	12,015,579	-	-	12,015,579
Premium	-	104,445	-	-	104,445
Transfers in	91,084	57,497	812,206	40,000	1,000,787
Transfers out	(852,206)	-	-	(148,581)	(1,000,787)
Total other financing sources (uses)	(761,122)	12,177,521	812,206	(108,581)	12,120,024
Net change in fund balances	277,720	4,631,505	(420,379)	(21,038)	4,467,808
Fund balances - July 1, 2018	5,435,624	185,645	2,149,532	3,946,954	11,717,755
Fund balances - June 30, 2019	\$ 5,713,344	\$ 4,817,150	\$ 1,729,153	\$ 3,925,916	\$ 16,185,563

Town of East Hampton, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended June 30, 2019**

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

Net change in fund balances - Total Governmental Funds (Exhibit D)	<u>\$ 4,467,808</u>
--	---------------------

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

Capital outlay	9,688,989
Depreciation expense	<u>(2,366,164)</u>
Total	<u>7,322,825</u>

The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase/decrease 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>(33,599)</u>
----------------------------	-----------------

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 use charges - accrual basis change	(302,171)
Change in property tax and sewer assessment interest and lien revenue	<u>(160,946)</u>
Total	<u>(463,117)</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	(11,975,000)
Premium	(104,445)
Equipment financing notes	(40,579)
Principal repayments:	
General obligation bonds and notes	2,348,689
Capital lease	<u>25,629</u>
Total	<u>(9,745,706)</u>

(Continued)

The notes to financial statements are an integral part of these 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
For The Year Ended June 30, 2019**

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 premium	\$ 185,614
Compensated absences	41,757
Pension expense	(1,207,695)
OPEB expense	(356,822)
Environmental obligation	13,341
Accrued interest payable	28,987
Amortization of deferred outflows of resources	257,594
Amortization of deferred inflows of resources	189,590
Total	<u>(847,634)</u>
Internal Service Funds are used by management to charge costs of various self-insured risk premiums to individual departments.	<u>(42,629)</u>
Change in net position (Exhibit B)	<u>\$ 657,948</u>

(Concluded)

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Statement of Net Position
Proprietary Funds
June 30, 2019

	<u>Internal Service Fund</u>
<u>Assets</u>	
Current assets:	
Due from other funds	<u>\$ 175,943</u>
<u>Liability</u>	
Current liability:	
Due to other funds	<u>12,529</u>
<u>Net Position</u>	
Unrestricted	<u><u>\$ 163,414</u></u>

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For The Year Ended June 30, 2019**

	<u>Internal Service Fund</u>
Operating expenses:	
Employee benefits	\$ 12,529
Administration	<u>30,100</u>
Total operating expenses	<u>42,629</u>
Income (loss)	(42,629)
Total net position - July 1, 2018	<u>206,043</u>
Total net position - June 30, 2019	<u><u>\$ 163,414</u></u>

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2019

	<u>Internal Service Fund</u>
Cash - July 1, 2018	<u>\$ -</u>
Cash - June 30, 2019	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ (42,629)
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
(Increase) decrease in:	
Due from other funds	<u>30,100</u>
Increase (decrease) in:	
Due to other funds	<u>12,529</u>
Net cash from operating activities	<u><u>\$ -</u></u>

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

	<u>Pension Trust Fund</u>	<u>Custodial Funds</u>
<u>Assets</u>		
Cash	<u>\$ 26,209</u>	<u>\$ 512,576</u>
Investments:		
Mutual funds:		
Equity	18,482,574	1,138,801
U.S. government bonds	5,061,265	173,167
Corporate bonds	4,432,522	-
International bonds	2,017,010	-
Money market	412,255	15
Real estate limited partnership	<u>1,761,894</u>	<u>-</u>
Total investments	<u>32,167,520</u>	<u>1,311,983</u>
Total assets	<u>32,193,729</u>	<u>1,824,559</u>
<u>Net Position</u>		
Restricted for:		
Pensions	32,193,729	-
Individuals and organizations	<u>-</u>	<u>1,824,559</u>
Total net position	<u><u>\$ 32,193,729</u></u>	<u><u>\$ 1,824,559</u></u>

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For The Year Ended June 30, 2019

	Pension Trust Fund	Custodial Funds
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 1,131,502	\$ 16,395
Plan members	381,870	-
Other	13,800	-
	<u>1,527,172</u>	<u>16,395</u>
Total contributions		
	<u>1,527,172</u>	<u>16,395</u>
Activities fees	<u>-</u>	<u>617,975</u>
Investment income (loss):		
Net change in fair value of investments	802,694	46,001
Interest and dividends	870,378	36,628
	<u>1,673,072</u>	<u>82,629</u>
Total investment income (loss)		
	<u>1,673,072</u>	<u>82,629</u>
Less investment expenses	<u>(23,969)</u>	<u>-</u>
Net investment income (loss)	<u>1,649,103</u>	<u>82,629</u>
Total additions	<u>3,176,275</u>	<u>716,999</u>
Deductions		
Benefits	2,047,792	7,964
Administration	72,182	-
Scholarship awards	-	6,337
Activities and events	-	553,170
	<u>2,119,974</u>	<u>567,471</u>
Total deductions		
	<u>2,119,974</u>	<u>567,471</u>
Change in net position	1,056,301	149,528
Net position - July 1, 2018	<u>31,137,428</u>	<u>1,675,031</u>
Net position - June 30, 2019	<u>\$ 32,193,729</u>	<u>\$ 1,824,559</u>

The notes to financial statements are an integral part of these statements.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**History and organization**

The Town operates under a Charter which became effective in November 1973 and was last revised in November 2016. 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.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town does not report any component units.

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. 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
As of and for the Year Ended June 30, 2019**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues including property tax revenues, are considered to be available when they are collected within the current 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.

Expenditure reimbursement type grants and certain intergovernmental revenues, 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:

Special Revenue Funds are used to account for and report the proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt.

The *Debt Service Fund* is used to account for and report resources and expenditures that are assigned for the repayment of debt.

The *Capital Projects Funds* are used to account for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments.

The *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 Town's programs.

The *Internal Service Fund* accounts for 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 *Custodial Funds* account for monies held on behalf of students and for volunteer firemen awards program.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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.

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.

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town plan, the Connecticut State Teachers' Retirement System ("TRS"), and the Connecticut State Retiree Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the Town's pension and OPEB plans, TRS, and RHIP. 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. Cash and investments****a. Cash**

The Town considers cash as cash on hand and demand deposits.

For cash flow purposes cash and cash equivalents consists of 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.

b. 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. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

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.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

The Town's pension fund has adopted a formal investment policy that defines allowable investments, prohibited investments, prohibited transactions, asset allocation guidelines, diversification guidelines and fixed income and cash guidelines.

The Town's pension plan investment policy targets are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	56.00%
Fixed income	39.00%
Real estate (REITS)	5.00%

The pension trust fund allows for investments in certain alternative investments and commingled funds. Such investments may include private equity partnerships, hedge and absolute return funds for which there may be no readily available market to determine fair value.

c. Method used to value investments

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

Certain pension investments are valued using the most recent valuation available from the external fund manager and is based on net asset value. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a readily available market for the securities existed.

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:* Quoted prices for identical investments in markets that are not active; and
- Level 3:* Unobservable inputs.

d. Risk policies

Interest rate risk – Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town has an investment policy that would minimize interest rate risk by structuring investments to mature to meet cash requirements thereby avoiding the need to sell securities prior to maturity and investing operating funds primarily in shorter term securities, money market mutual funds or investment pools.

Credit risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town has an investment policy that would minimize credit risk by limiting its investment choices to the safest types of securities, pre-qualifying the financial institutions and advisors with which the Town will do business, and diversifying the investment portfolio.

Town of East Hampton, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2019****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Concentration of credit risk – Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital in any one depository.

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 Town does not have a formal policy with respect to custodial credit risk.

Foreign currency risk – Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Town does not have a formal policy with respect to foreign currency risk.

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, sewer use and assessment and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 4 to 49 percent of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, all property taxes and sewer use and assessment receivable at June 30, which have not been collected by June 30, have been recorded as a deferred inflows of resources since they are not considered to be available to finance expenditures of the current 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 developer bonds and endowments. Developer bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformances. The trust agreement restricts the expenditure of the investment income only for the designated purpose.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**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 acquisition 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.

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.

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.

The Town reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide statements for differences between expected and actual experience, changes in assumptions and net difference between projected and actual earnings on plan investments. The deferred outflow or inflow related to differences between expected and actual experience and changes in assumptions will be amortized over the average remaining service life of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period.

Town of East Hampton, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2019****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Deferred outflows of resources also include deferred outflows relating to advance refunding of debt. These amounts are deferred and are amortized over the life of the debt.

Advance tax collections represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

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) and sewer assessment and use charges. These amounts are recognized as an inflow of resources in the period that the amounts become available.

6. 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.

7. 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.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

8. 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.

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.

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.

Committed

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.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**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.

Minimum Fund Balance Policy

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% nor more than 10% of current year budgeted general fund operating expenditures.

9. 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.

10. Reclassifications

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

II. Stewardship, compliance and accountability**A. Basis of budgeting**

Only the General Fund has a legally adopted annual budget.

The Town uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. 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 the budgetary statements included as required supplementary information.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

II. Stewardship, compliance and accountability (continued)**B. Capital projects authorizations**

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

Project Name	Project Authorization	Cumulative Expenditures	Project Balance
Road Projects			
2012 Public Works Road Project	\$ 3,720,000	\$ 3,240,953	\$ 479,047
Brewer Road Pavement Rehabilitation	408,500	513,470	(104,970)
Christopher Brook Culvert Replacement	771,240	1,111,418	(340,178)
Total Road Projects	<u>4,899,740</u>	<u>4,865,841</u>	<u>33,899</u>
High School Renovation Project - Phase I	200,080	183,148	16,932
High School Renovation Project - Phase II	51,695,000	50,813,291	881,709
Memorial School Oil Tank	150,000	139,276	10,724
Memorial School Roof	3,290,000	2,762,216	527,784
Public Safety Dispatch	557,210	540,594	16,616
Oakum Dock water easement	790,500	733,487	57,013
Water Tower Demo	200,000	193,994	6,006
Fuel Island	475,000	464,098	10,902
Town Hall Project	18,981,000	7,593,814	11,387,186
Public Works Paver	177,000	2,571	174,429
Public Works Dump Truck	170,000	400	169,600
Community Center Roof Repairs	312,000	113,233	198,767
Rescue Pumper	679,000	679,000	-
Public Safety Radio System	845,000	845,000	-
Center School Heating Improvements	277,000	194,782	82,218
Total	<u>\$ 83,698,530</u>	<u>\$ 70,124,745</u>	<u>\$ 13,573,785</u>

The Brewer Road and Christopher Brook projects are over expended due to unexpected engineering oversight costs related to grant compliance. On April 5, 2016, the Town approved increasing the bonding authorization for road projects to \$3,720,000 and to add to the scope to cover the Brewer Road and Christopher Brook projects. Total road project expenditures are below the authorized amount.

C. 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 year end, there is no appreciation available for appropriation.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

III. Detailed notes**A. Cash and investments****1. Deposits – custodial credit risk**

At year end, the Town's bank balance was \$21,072,136 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,058,315
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>5,263,821</u>
Total amount subject to custodial credit risk	<u>\$ 19,322,136</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.

2. Investments

a. The Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

Type of Investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	1-5 Years	5-10 Years
Mutual funds					
Equity	\$ 19,621,375	\$ 19,621,375	\$ -	\$ -	\$ -
U.S. government bonds	5,234,447	-	-	173,181	5,061,266
Corporate bonds	4,432,522	-	-	-	4,432,522
International bonds	2,017,010	-	-	2,017,010	-
Money market	412,255	-	412,255	-	-
Bank money market funds	11,074,241	-	11,074,241	-	-
Pooled fixed income	36,860	-	36,860	-	-
Real estate limited partnership	1,761,894	1,761,894	-	-	-
Total	<u>\$ 44,590,604</u>	<u>\$ 21,383,269</u>	<u>\$11,523,356</u>	<u>\$ 2,190,191</u>	<u>\$ 9,493,788</u>

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Cash and investments (continued)

b. The Town had the following recurring fair value measurements:

Investments by fair value level	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2
Mutual funds:			
Equity	\$ 19,621,375	\$ 19,621,375	\$ -
U.S. government bonds	5,234,447	-	5,234,447
Corporate bonds	4,432,522	4,432,522	-
International bonds	2,017,010	2,017,010	-
Money market	412,255	412,255	-
Total investments by fair value level	<u>31,717,608</u>	<u>\$ 26,483,162</u>	<u>\$ 5,234,447</u>
Investments measured at net asset values (NAV)			
Real estate limited partnership	<u>1,761,894</u>		
Other investments			
Bank money market funds	11,074,241		
Pooled fixed income	<u>36,860</u>		
Total other investments	<u>11,111,101</u>		
Total investments	<u>\$ 44,590,604</u>		

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted prices for identical securities in markets that are not active.

The fair value was determined based on quoted prices in less active, dealer or broker markets.

Fair values are primarily obtained from third party pricing services for identical or comparable assets.

c. Investments measured at the net asset value (NAV)

Investment Description	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate limited partnership	\$ 1,761,894	\$ -	Quarterly	90 days

Real estate limited partnership. This limited partnership invests primarily in stabilized, income producing, equity in U.S. commercial real estate. The fund permits redemptions quarterly with 90 days notice. 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
As of and for the Year Ended June 30, 2019

A. Cash and investments (continued)

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

Type of Investment	Ratings		
	AAA	A	BB
Mutual funds			
U.S. government bonds	\$ 5,234,447	\$ -	\$ -
Corporate bonds	-	4,432,522	-
International bonds	-	-	2,017,010
Money market	412,255	-	-
Pooled fixed income	36,860	-	-
Total	<u>\$ 5,683,562</u>	<u>\$ 4,432,522</u>	<u>\$ 2,017,010</u>

e. Custodial credit risk

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 and Liens	Total
Current portion	<u>\$ 193,930</u>	<u>\$ 21,262</u>	<u>\$ 215,192</u>
Long-term portion	\$ 305,246	\$ 120,485	\$ 425,731
Less allowance for uncollectibles	<u>(160,000)</u>	<u>(70,000)</u>	<u>(230,000)</u>
Net long-term portion	<u>\$ 145,246</u>	<u>\$ 50,485</u>	<u>\$ 195,731</u>

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

B. Receivables (continued)

	Sewer Use and Assessments			CDBG Loans
	Use	Interest and Liens	Total	
Current portion	\$ 90,093	\$ 21,631	\$ 111,724	\$ -
Long-term portion	\$ 110,114	\$ 26,438	\$ 136,552	\$ 208,857
Less allowance for uncollectibles	(7,815)	(2,304)	(10,119)	(27,200)
Net long-term portion	\$ 102,299	\$ 24,134	\$ 126,433	\$ 181,657
Totals	\$ 192,392	\$ 45,765	\$ 238,157	\$ 181,657

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

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
General fund			
Miscellaneous grants	N/A	\$ -	\$ 189,634
Culture and recreation	N/A	139,059	-
Education grant	N/A	155,111	-
School cafeteria	N/A	50,108	-
Capital reserve	N/A	-	492
Public safety	N/A	3,842	-
Water system	N/A	2,590	-
Community development	N/A	12,534	-
Capital initiatives	N/A	-	866,822
WPCA operating	N/A	729	-
WPCA joint facilities	N/A	15,053	-
Debt service	N/A	45,208	-
Internal service funds	N/A	12,529	-
Total general fund		436,763	1,056,948
Capital initiatives fund			
General fund	N/A	866,822	-
Capital reserve	N/A	-	1,346,855
Public works	N/A	-	100,044
Total capital initiatives fund		866,822	1,446,899
Capital reserve fund			
Capital initiatives	N/A	1,346,855	-
General fund	N/A	492	-
Total capital reserve fund		1,347,347	-

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

C. Interfund accounts (continued)

	Corresponding Fund	Due From	Due To
Other governmental funds			
Public safety	General fund	\$ -	\$ 3,842
Culture and recreation	General fund	-	139,059
Education grant	General fund	-	155,111
Water system	General fund	-	2,590
Community development	General fund	-	12,534
Miscellaneous grants	General fund	189,634	-
School cafeteria	General fund	-	50,108
WPCA operating	General fund	-	729
WPCA joint facilities	General fund	-	15,053
Debt service	General fund	-	45,208
Public works	Capital initiatives	100,044	-
Debt service	Internal service funds	-	175,943
Total other governmental funds		<u>289,678</u>	<u>600,177</u>
Internal service funds			
Debt service fund	N/A	175,943	-
General fund	N/A	-	12,529
Total internal service funds		<u>175,943</u>	<u>12,529</u>
Grand total		<u>\$ 3,116,553</u>	<u>\$ 3,116,553</u>

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
As of and for the Year Ended June 30, 2019

C. Interfund accounts (continued)

2. Interfund transfers

A summary of interfund transfers is as follows:

	Corresponding Fund	Transfers In	Transfers Out
General fund			
Capital reserve	N/A	\$ -	\$ 812,206
Debt service	N/A	-	40,000
Education grant	N/A	91,084	-
Total general fund		<u>91,084</u>	<u>852,206</u>
Capital initiatives fund			
Public works	N/A	57,497	-
Capital reserve fund			
General fund	N/A	812,206	-
Other governmental funds:			
Special revenue funds			
Education grant	General fund	-	91,084
Public works	Capital initiatives	-	57,497
Total special revenue funds		<u>-</u>	<u>148,581</u>
Debt service fund	General fund	40,000	-
Total other governmental funds		<u>40,000</u>	<u>148,581</u>
Grand total		<u>\$ 1,000,787</u>	<u>\$ 1,000,787</u>

Transfers are used to account for the financing by the general fund of various programs and activities in the capital reserve, special revenue and debt service funds.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

D. Capital assets

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<u>Capital Assets, Not Being Depreciated:</u>				
Land	\$ 2,677,322	\$ -	\$ -	\$ 2,677,322
Intangible assets	698,000	-	-	698,000
Construction in progress	51,296,977	8,333,583	564,602	59,065,958
Total Capital Assets, Not Being Depreciated	54,672,299	8,333,583	564,602	62,441,280
<u>Capital Assets, Being Depreciated:</u>				
Buildings	49,240,408	68,397	-	49,308,805
Intangible assets	60,000	-	-	60,000
Improvements other than buildings	226,937	-	-	226,937
Machinery and equipment	16,135,045	1,231,611	280,958	17,085,698
Infrastructure	48,134,156	620,000	-	48,754,156
Total Capital Assets, Being Depreciated	113,796,546	1,920,008	280,958	115,435,596
Total Capital Assets	168,468,845	10,253,591	845,560	177,876,876
<u>Less Accumulated Depreciation For:</u>				
Buildings	24,309,412	923,522	-	25,232,934
Intangible assets	56,350	3,650	-	60,000
Improvements other than buildings	94,208	6,606	-	100,814
Machinery and equipment	7,479,548	878,579	247,359	8,110,768
Infrastructure	9,060,905	553,807	-	9,614,712
Total Accumulated Depreciation	41,000,423	2,366,164	247,359	43,119,228
Total Capital Assets, Being Depreciated, Net	72,796,123	(446,156)	33,599	72,316,368
Capital Assets, Net	<u>\$127,468,422</u>	<u>\$7,887,427</u>	<u>\$ 598,201</u>	<u>\$134,757,648</u>

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

General government	\$ 26,624
Public safety	260,783
Public works and utilities	1,113,733
Health and human services	3,432
Culture and recreation	106,644
Education	854,948
Total depreciation expense	<u>\$ 2,366,164</u>

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

E. Construction commitments

At year end, the Town's commitments with contractors totaled \$10,516,377 for the Town Hall Project.

F. 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, 2018	Additions	Deductions	Permanently Financed	Balance June 30, 2019
High school renovation project	\$ 1,200,000	\$ 700,000	\$ 1,200,000	\$ -	\$ 700,000
Town hall	-	11,500,000	-	11,500,000	-
Fuel station construction/tank removal	475,000	475,000	475,000	475,000	-
Total	<u>\$ 1,675,000</u>	<u>\$ 12,675,000</u>	<u>\$ 1,675,000</u>	<u>\$ 11,975,000</u>	<u>\$ 700,000</u>

In September 2019, the Town issued \$8,181,000 of bond anticipation notes that mature in September 2020 and carry a coupon interest rate of 1.50% and a true interest cost of 1.329%.

In September 2019, the Town issued \$13,670,000 of general obligation bonds which permanently financed the bond anticipation notes outstanding at fiscal year end. These bonds mature through 2039 and carry interest rates of 2.00-5.00%.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

G. Changes in long-term obligations**1. Summary of changes**

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Current Portion	Long Term Portion
Bonds:										
General purpose										
General obligation	2/1/2006	2/1/2021	3.40-5.00%	\$ 3,175,000	\$ 450,000	\$ -	\$ 150,000	\$ 300,000	\$ 150,000	\$ 150,000
General obligation	4/15/2009	7/15/2028	2.50-4.50%	2,985,000	1,705,000	-	155,000	1,550,000	155,000	1,395,000
General obligation	2/14/2014	8/15/2033	2.00-4.00%	3,885,000	3,045,000	-	210,000	2,835,000	210,000	2,625,000
General obligation	12/18/2015	7/15/2035	2.00-4.00%	21,225,000	19,105,000	-	1,060,000	18,045,000	1,060,000	16,985,000
General obligation	9/14/2017	9/1/2037	2.00-5.00%	6,700,000	7,105,000	-	510,000	6,595,000	505,000	6,090,000
Total Bonds					31,410,000	-	2,085,000	29,325,000	2,080,000	27,245,000
Bond anticipation notes (permanently financed)					-	11,975,000	-	11,975,000	-	11,975,000
Notes:										
Clean water notes:										
Sewer 480-C	6/30/2002	12/31/2021	2.00%	503,694	102,317	-	28,507	73,810	29,082	44,728
Equipment financing notes:										
Boiler	7/24/2015	7/30/2020	1.66%	886,500	452,409	-	178,723	273,686	181,702	91,984
Vehicle	5/23/2016	7/17/2022	1.82%	175,506	125,511	-	24,204	101,307	24,645	76,662
Vehicle	1/17/2017	1/17/2023	2.99%	172,349	122,999	-	23,170	99,829	23,864	75,965
Technology equipment	2/12/2019	2/12/2023	2.13%	40,579	-	40,579	9,085	31,494	7,201	24,293
Total Notes					803,236	40,579	263,689	580,126	266,494	313,632
Total bonds and notes					32,213,236	12,015,579	2,348,689	41,880,126	2,346,494	39,533,632
Premium					1,387,818	104,445	185,614	1,306,649	-	1,306,649
Total bonds and notes and related liabilities					33,601,054	12,120,024	2,534,303	43,186,775	2,346,494	40,840,281
Capital lease	8/7/2017	8/7/2020	4.55%	109,887	80,516	-	25,629	54,887	26,820	28,067
Compensated absences					1,523,013	571,897	613,654	1,481,256	144,228	1,337,028
Net pension liability					9,272,945	4,311,788	3,104,093	10,480,640	-	10,480,640
OPEB liability					3,846,921	496,340	139,518	4,203,743	-	4,203,743
Environmental obligation					400,000	-	13,341	386,659	15,000	371,659
Total long-term obligations					\$ 48,724,449	\$ 17,500,049	\$ 6,430,538	\$ 59,793,960	\$ 2,532,542	\$ 57,261,418

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 and certain compensated absences paid from the debt service fund.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

G. Changes in long-term obligations continued)

The following is a summary of bond and note maturities:

Fiscal Year Ended June 30,	Bond Principal	Note Principal	Total Interest
2020	\$ 2,080,000	\$ 266,494	\$ 961,352
2021	2,080,000	178,957	880,624
2022	1,930,000	74,012	796,577
2023	1,925,000	60,663	716,200
2024	1,720,000	-	640,394
2025	1,720,000	-	576,469
2026	1,720,000	-	517,372
2027	1,720,000	-	455,581
2028	1,720,000	-	401,897
2029	1,720,000	-	357,657
2030	1,525,000	-	312,691
2031	1,525,000	-	266,675
2032	1,530,000	-	219,250
2033	1,530,000	-	171,750
2034	1,530,000	-	124,250
2035	1,370,000	-	79,950
2036	1,370,000	-	38,850
2037	305,000	-	13,725
2038	305,000	-	4,575
Totals	<u>\$ 29,325,000</u>	<u>\$ 580,126</u>	<u>\$ 7,535,840</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	Debit Limit	Net Indebtedness	Balance
General purpose	\$ 83,362,853	\$ 17,067,000	\$ 66,295,853
Schools	166,725,707	24,933,000	141,792,707
Sewer	138,938,089	-	138,938,089
Urban renewal	120,413,010	-	120,413,010
Pension deficit	111,150,471	-	111,150,471

The total overall statutory debt limit for the Town is equal to seven times annual receipts from prior year taxation, \$259,351,099.

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
As of and for the Year Ended June 30, 2019

G. Changes in long-term obligations (continued)**3. Authorized/unissued bonds**

The amount of authorized, unissued bonds is as follows:

Ambulance Facility	\$ 18,500
High School Athletic Facilities Improvements	2,000
Water System Initial Water Supply	866,000
Capital Improvements 2004-2005	454,400
Land Purchase	7,100
Flanders Roadway Improvements	2,000
Pine Brook Culvert Repair	400,000
Memorial School Roof & Oil Tank	613,350
High School Renovation	1,284,582
Fuel Island	475,000
Town Hall/Police Facility	7,481,000
Fire Engine	679,000
Police Radio System Upgrades	845,000
Center School Heating System Improvements	<u>277,000</u>
 Total	 <u><u>\$ 13,404,932</u></u>

4. Capital leases

The Town is committed under a capital lease for technology equipment. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception.

Technology equipment totaling \$109,887, net of accumulated depreciation of \$43,955, are recorded under the capital lease. This year, \$21,977 was included in depreciation expense.

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:

Year Ending	
<u>June 30,</u>	
2020	\$ 29,371
2021	29,371
Less amount representing interest	<u>(3,855)</u>
Total	<u><u>\$ 54,887</u></u>

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

G. Changes in long-term obligations (continued)**5. Environmental obligation**

The property has an estimated cost of a site assessment and corrective measures feasibility study of \$750,000. Based upon the expenditures and progress made addressing the remediation during the year, the total estimated environmental obligation of the Town has been reduced to \$386,659.

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.

H. Fund balance classifications

Fund Balance Component	General Fund	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
Nonspendable					
Housing rehabilitation	\$ -	\$ -	\$ -	\$ 208,857	\$ 208,857
Culture and recreation	-	-	-	15,500	15,500
Total nonspendable	-	-	-	224,357	224,357
Restricted					
Public works					
Sewer	-	-	-	1,338,606	1,338,606
Other	-	-	-	188,636	188,636
Housing rehabilitation	-	-	-	6,555	6,555
Culture and recreation	-	-	-	1,355	1,355
Education	-	-	-	35,557	35,557
Total restricted	-	-	-	1,570,709	1,570,709
Committed					
General government	-	-	-	98,280	98,280
Public safety	-	-	-	26,390	26,390
Public works	-	-	-	100,044	100,044
Culture and recreation	-	-	-	122,687	122,687
Education	-	-	-	131,478	131,478
Capital outlay					-
Sewer	-	-	-	1,609,889	1,609,889
Other	-	4,817,150	1,729,153	54,725	6,601,028
Total committed	-	4,817,150	1,729,153	2,143,493	8,689,796
Unassigned	5,713,344	-	-	(12,643)	5,700,701
Total	<u>\$5,713,344</u>	<u>\$4,817,150</u>	<u>\$1,729,153</u>	<u>\$3,925,916</u>	<u>\$ 16,185,563</u>

The amount of restricted net position, which is restricted by enabling legislation, totaled \$1,256,448.

Town of East Hampton, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2019****I. Deficit fund balances**

The Town ended the year with a deficit fund balance in the Debt Service Fund of \$12,643. The Town plans to address this deficit through a general fund transfer.

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 four years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

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.

C. 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.

V. Pensions and other post-employment benefit plans**A. Pension plan****1. Plan description****a. 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. In addition, the Town established a single-employer defined contribution plan for all non-police employees hired after September 2013. Management of the plan is vested in the Town Council.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Pension plan (continued)**b. Plan membership**

At July 1, 2018, pension plan membership consisted of the following:

Active members	131
Terminated employees entitled to benefits	110
Retirees, disabled employees, and beneficiaries receiving benefits	<u>125</u>
Total	<u><u>366</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.

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

Required contribution to the plan are as follows:

Police hired prior to July 1, 2017	5.50% of after tax earnings
Police hired after July 1, 2017	8.00% of after tax earnings
All others employees	6.00% of pre tax earnings
Average active member contribution rate	5.50% of annual base compensation
Town's average contribution rate	16.94% of annual payroll

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Pension plan (continued)**4. Investments****a. 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>
U.S. core fixed income	34.00%
U.S. inflation indexed bonds	5.00%
U.S. equity market	33.50%
Global equity	22.50%
Real estate (REITS)	5.00%

b. Concentrations

The Town places no limit on the amount the Town may invest in any one issuer. At fiscal year end, the Town had 5.48% of the Town's total pension plan investments invested in a real estate limited partnership.

c. Rate of return

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 (see the discussion of the pension plan's investment policy) are as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. core fixed income	2.40%
U.S. inflation indexed bonds	1.42%
U.S. equity market	4.61%
Global equity	4.98%
Real estate (REITS)	3.85%

The weighted average expected rate of return is 6.875%.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Pension plan (continued)

d. Annual money-weighted rate of return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Net pension liability

The components of the net pension liability at June 30, 2019, were as follows:

Total pension liability	\$42,674,369
Plan fiduciary net position	<u>32,193,729</u>
Net pension liability	<u>\$ 10,480,640</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>75.44%</u>

6. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Inflation Rate	2.75%
Salary increases	Age based
Investment rate of return	6.875%
Cost of living adjustments	None
Mortality table	RP-2000 Combined Healthy Mortality with generational projection per Scale AA

7. Changes from prior year

a. Changes in assumptions

The investment rate of return (net of investment-related and administrative expenses) was reduced from 7.00% to 6.875%.

b. Changes in benefit terms

There were no changes to benefit terms.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Pension plan (continued)**8. Discount rate**

The discount rate used to measure the total pension liability was 6.875%. 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 the 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.

9. Changes in the net pension liability

The Town's net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018	\$ 40,410,373	\$ 31,137,428	\$ 9,272,945
Service cost	769,708	-	769,708
Interest	2,812,145	-	2,812,145
Changes of benefit terms	(13,855)	-	(13,855)
Differences between expected and actual experience	200,401	-	200,401
Changes in assumptions	543,389	-	543,389
Contributions - employer	-	1,131,502	(1,131,502)
Contributions - member	-	381,870	(381,870)
Other	-	13,800	(13,800)
Net investment income	-	1,649,103	(1,649,103)
Benefit payments, including refunds of member contributions	(2,047,792)	(2,047,792)	-
Administrative expenses	-	(72,182)	72,182
Net change	2,263,996	1,056,301	1,207,695
Balance at June 30, 2019	\$ 42,674,369	\$ 32,193,729	\$ 10,480,640

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Pension plan (continued)**10. 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 6.875% 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 (5.875%) or 1-percentage-point higher (7.875%) than the current rate:

	1% Decrease (5.875%)	Current Discount (6.875%)	1% Increase (7.875%)
Net pension liability	<u>\$ 15,278,543</u>	<u>\$ 10,480,640</u>	<u>\$ 6,430,602</u>

11. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

During the year, the Town recognized pension expense of \$2,042,791. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 198,983	\$ (214,821)
Changes in assumptions	362,259	-
Net difference between projected and actual earnings on pension plan investments	<u>323,746</u>	<u>-</u>
Total	<u>\$ 884,988</u>	<u>\$ (214,821)</u>
Net amount of deferred inflows and outflows		<u>\$ 670,167</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.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

A. Pension plan (continued)

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

Year Ending June 30,	
2020	\$ 379,955
2021	72,463
2022	110,345
2023	<u>107,404</u>
Total	<u>\$ 670,167</u>

12. 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 65 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 \$139,902 and employee contributions totaled \$139,902.

B. Connecticut State Teachers' Retirement System**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/trb.

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 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.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

B. Connecticut State Teachers' Retirement System

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 annual average salary.

Pre-Retirement Death Benefit: The Plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

3. Contributions**State 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.

Employer (School Districts)

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

Employees

Effective January 1, 2018, each teacher is required to contribute 7% 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>50,718,039</u>
Total	<u>\$ 50,718,039</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Town has no proportionate share of the net pension liability.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

B. Connecticut State Teachers' Retirement System

During the year the Town recognized pension expense and revenue of \$4,901,786 for on-behalf amounts for contributions to the plan by the State.

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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:

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

B. Connecticut State Teachers' Retirement System

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	21.00%	5.80%
Developed non-U.S. equities	18.00%	6.60%
Emerging markets (Non U.S.)	9.00%	8.30%
Real estate	7.00%	5.10%
Private equity	11.00%	7.60%
Alternative investment	8.00%	4.10%
Fixed income (core)	7.00%	1.30%
High yield bonds	5.00%	3.90%
Emerging market bond	5.00%	3.70%
Inflation linked bonds	3.00%	1.00%
Cash	6.00%	0.40%

6. Discount rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed 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, 2018.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

C. Other post-employment benefit plan

1. Plan description

a. Plan administration

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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

b. Plan membership

The plan's membership as of July 1, 2017 consisted of:

Active members	169
Retirees, disabled employees, and beneficiaries receiving benefits	<u>15</u>
Total	<u><u>184</u></u>

2. 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.

a. Employer contributions

The Town's contributions are actuarially determined on an annual basis using the entry age normal method. The Board of Education's total plan contribution was \$140,508.

b. 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.

3. OPEB Liability

The Town's OPEB liability of \$4,203,743 was measured as of June 30, 2019 and was determined by an actuarial valuation as July 1, 2017.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

C. Other post-employment benefit plan (continued)

4. Actuarial methods and significant assumptions

The OPEB liability was determined based upon a July 1, 2017 actuarial valuation using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Discount rate	3.50%
Healthcare inflation rate	
Initial	5.70%
Ultimate	4.50%
Inflation rate	2.75%
Mortality table	RP-2000 Combined Healthy Mortality Table for males and females; projected forward 19 years using Scale AA, with a two-year age setback. This assumption includes a margin for mortality improvements beyond the valuation date.

The discount rate was based on the S&P municipal bond 20 year high grade index as of the measurement date.

5. Change in the OPEB Liability

	OPEB Liability (a)
Balance at July 1, 2018	\$ 3,846,921
Service cost	187,451
Interest	153,456
Changes in assumptions	155,433
Benefit payments, including refunds of member contributions	(139,518)
Net change	356,822
Balance at June 30, 2019	\$ 4,203,743

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

C. Other post-employment benefit plan (continued)**6. Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
OPEB liability	<u>\$ 4,657,742</u>	<u>\$ 4,203,743</u>	<u>\$ 3,798,119</u>

7. Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate.

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

	1% Decrease	Current Trend Rate	1% Increase
OPEB liability	<u>\$ 3,600,062</u>	<u>\$ 4,203,743</u>	<u>\$ 4,934,965</u>

8. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year, the Town recognized OPEB expense of \$319,933. The Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	<u>\$ 140,342</u>	<u>\$ (97,275)</u>
Net amount of deferred inflows and outflows		<u>\$ 43,067</u>

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

Year Ending June 30,	
2020	\$ 4,518
2021	4,518
2022	4,518
2023	4,518
2024	4,518
Thereafter	<u>20,477</u>
Total	<u>\$ 43,067</u>

Changes in assumptions are amortized over 6.7 years.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

D. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan

1. Plan description

Teachers, principals, superintendents, supervisors and professional employees at State schools of higher education if they choose to be covered that are currently receiving a retirement or disability benefit are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRS-RHIP") - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

2. Benefit provisions

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

- **Normal Retirement:** Eligibility - 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.
- **Early Retirement:** Eligibility - 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.
- **Proratable Retirement:** Eligibility - Age 60 with 10 years of Credited Service.
- **Disability Retirement:** Eligibility - 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.
- **Termination of Employment:** Eligibility - 10 or more years of Credited Service.

Retiree health care coverage

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Town of East Hampton, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2019****D. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)**

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

Survivor health care coverage

Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

3. Contributions**State of Connecticut**

Per Connecticut General Statutes Section 10-183z, 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 State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019

D. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)**4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB**

The Town reports no amounts for its proportionate share of the net OPEB 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 OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>10,138,874</u>
Total	<u><u>\$ 10,138,874</u></u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Town has no proportionate share of the net OPEB liability.

The Town recognized OPEB expense and revenue of \$135,999 for on-behalf amounts for contributions to the plan by the State.

5. Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care cost trend rate	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.87%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Town of East Hampton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2019**D. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)****Changes in assumptions and inputs**

As a result of the experience study for the five-year period ending June 30, 2015:

- The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase.
- The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.
- The discount rate has been increased from 3.56% to 3.87% based upon the increase in the municipal bond index.

Additionally, the assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised.

Long-term expected rate of return

The long-term expected rate of return on OPEB 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 OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 3.00%.

Affordable Care Act (ACA)

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2020 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances.

Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

Town of East Hampton, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2019****D. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)****6. Discount rate**

The discount rate used to measure the total OPEB liability was 3.87%. 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.

7. Sensitivity of the OPEB liability to changes in the discount rate and the health care cost trend rate

The Town's proportionate share of the net OPEB 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' OPEB 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, 2018.

**Required
Supplementary
Information**

Town of East Hampton, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended June 30, 2019

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Revenues					
Property taxes	\$ 37,212,269	\$ -	\$ 37,212,269	\$ 37,184,386	\$ (27,883)
Intergovernmental	7,664,797	-	7,664,797	7,646,281	(18,516)
Charges for services	523,710	-	523,710	600,800	77,090
Income from investments	42,500	-	42,500	110,384	67,884
Other	2,600	-	2,600	6,365	3,765
Total revenues	45,445,876	-	45,445,876	45,548,216	102,340
Expenditures					
Current					
General government	4,176,260	(24,621)	4,151,639	4,105,289	46,350
Public safety	2,566,194	6,605	2,572,799	2,519,803	52,996
Public works and utilities	2,169,525	4,043	2,173,568	2,139,463	34,105
Culture and recreation	996,694	13,597	1,010,291	1,008,485	1,806
Health and human services	435,171	1	435,172	414,987	20,185
Regulatory	381,772	375	382,147	363,711	18,436
Education	30,499,668	231,084	30,730,752	30,729,252	1,500
Debt service	3,228,386	-	3,228,386	3,228,384	2
Total expenditures	44,453,670	231,084	44,684,754	44,509,374	175,380
Excess (deficiency) of revenues over expenditures	992,206	(231,084)	761,122	1,038,842	277,720
Other financing sources (uses)					
Transfers in	-	91,084	91,084	91,084	-
Transfers out	(992,206)	140,000	(852,206)	(852,206)	-
Net other financing sources (uses)	(992,206)	231,084	(761,122)	(761,122)	-
Net change in fund balance	\$ -	\$ -	\$ -	277,720	\$ 277,720
Fund balance - July 1, 2018				5,435,624	
Fund balance - June 30, 2019				\$ 5,713,344	

Reconciliation to Exhibit D

	Revenues	Expenditures
Budgetary Basis - RSI-1	\$ 45,548,216	\$ 44,509,374
State Teachers' pension on behalf amount	4,901,786	4,901,786
State Teachers' OPEB on behalf amount	135,999	135,999
GAAP Basis - Exhibit D	\$ 50,586,001	\$ 49,547,159

Town of East Hampton, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For The Year Ended June 30, 2019

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes					
Current taxes	\$ 35,994,269	\$ -	\$35,994,269	\$36,129,557	\$ 135,288
Back taxes	550,000	-	550,000	313,337	(236,663)
Telephone access share line	27,500	-	27,500	20,481	(7,019)
Supplemental motor vehicles	325,000	-	325,000	437,226	112,226
Housing authority reimbursement	15,000	-	15,000	22,759	7,759
Interest	297,000	-	297,000	258,500	(38,500)
Liens	3,500	-	3,500	2,526	(974)
Total property taxes	37,212,269	-	37,212,269	37,184,386	(27,883)
Intergovernmental					
General government:					
Town aid road	320,454	-	320,454	320,960	506
Grants for municipal projects	18,943	-	18,943	18,943	-
Elderly tax relief	45,000	-	45,000	-	(45,000)
Department of youth services	15,911	-	15,911	15,650	(261)
State-owned property	17,589	-	17,589	19,217	1,628
Disability tax relief	1,100	-	1,100	1,427	327
Veterans' exemption	4,250	-	4,250	5,361	1,111
Mashantucket Pequot/Mohegan grant	6,742	-	6,742	6,742	-
Other federal and state grants	90,522	-	90,522	122,241	31,719
Total general government	520,511	-	520,511	510,541	(9,970)
Education					
Education cost sharing	7,129,144	-	7,129,144	7,118,965	(10,179)
Adult education	15,142	-	15,142	16,775	1,633
Total education	7,144,286	-	7,144,286	7,135,740	(8,546)
Total intergovernmental	7,664,797	-	7,664,797	7,646,281	(18,516)

(Continued)

Town of East Hampton, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For The Year Ended June 30, 2019

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Charges for services					
Finance department	\$ 25,995	\$ -	\$ 25,995	\$ 28,483	\$ 2,488
Assessor department	600	-	600	528	(72)
Police department	5,900	-	5,900	9,873	3,973
Town clerk	230,150	-	230,150	270,988	40,838
Planning, zoning and buildings	174,600	-	174,600	207,104	32,504
Transfer station fees/stickers	37,800	-	37,800	37,347	(453)
Lease of town property	32,850	-	32,850	32,850	-
Sears Park rent	975	-	975	1,525	550
Library	10,800	-	10,800	8,171	(2,629)
Community room rental	150	-	150	150	-
Sears park stickers	3,000	-	3,000	3,311	311
Blasting permits	90	-	90	120	30
Public works	800	-	800	350	(450)
	<u>523,710</u>	<u>-</u>	<u>523,710</u>	<u>600,800</u>	<u>77,090</u>
Total charges for services					
Income from investments	<u>42,500</u>	<u>-</u>	<u>42,500</u>	<u>110,384</u>	<u>67,884</u>
Other					
Collector of revenue	400	-	400	3,918	3,518
Parks and recreation	2,100	-	2,100	2,004	(96)
Recycling rebate	-	-	-	193	193
Middle Haddam historic district	100	-	100	250	150
	<u>2,600</u>	<u>-</u>	<u>2,600</u>	<u>6,365</u>	<u>3,765</u>
Total other					
Total revenues	45,445,876	-	45,445,876	45,548,216	102,340
Other financing sources					
Transfers in					
Education grant fund	-	91,084	91,084	91,084	-
	<u>-</u>	<u>91,084</u>	<u>91,084</u>	<u>91,084</u>	<u>-</u>
Total revenues and other financing sources	<u>\$45,445,876</u>	<u>\$ 91,084</u>	<u>\$45,536,960</u>	<u>\$45,639,300</u>	<u>\$ 102,340</u>

(Concluded)

Town of East Hampton, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For The Year Ended June 30, 2019

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government					
Town manager	\$ 350,051	\$ -	\$ 350,051	\$ 344,391	\$ 5,660
Council special programs	25,199	13,680	38,879	38,877	2
Legal defense/fees	127,000	(35,231)	91,769	71,693	20,076
Town hall and annex	253,902	-	253,902	239,949	13,953
Finance and accounting	455,390	-	455,390	454,889	501
Collector of revenue	171,138	2,850	173,988	173,979	9
Assessor's office	183,326	-	183,326	182,678	648
Town clerk's office	159,466	4,150	163,616	163,615	1
Registrars/elections	46,166	300	46,466	46,463	3
General insurance	393,804	9,630	403,434	403,432	2
Probate court	16,143	-	16,143	16,143	-
Employee benefits	1,759,912	-	1,759,912	1,754,530	5,382
Information technology	114,763	-	114,763	114,650	113
Contingency	20,000	(20,000)	-	-	-
CNG community contribution	100,000	-	100,000	100,000	-
Total general government	4,176,260	(24,621)	4,151,639	4,105,289	46,350
Public Safety					
Police administration	330,751	-	330,751	310,066	20,685
Police regular patrol	1,539,861	2,520	1,542,381	1,542,376	5
Lake patrol	1,723	-	1,723	305	1,418
Animal control	47,985	-	47,985	47,020	965
Firefighting	261,953	-	261,953	260,923	1,030
Fire Marshal	51,066	-	51,066	47,328	3,738
Town center fire system	8,050	-	8,050	4,650	3,400
Ambulance association	16,500	-	16,500	13,394	3,106
Civil preparedness	15,230	-	15,230	12,814	2,416
Communications	228,075	4,085	232,160	232,158	2
Street lighting	65,000	-	65,000	48,769	16,231
Total public safety	2,566,194	6,605	2,572,799	2,519,803	52,996
Public works and utilities					
Public works	1,388,144	-	1,388,144	1,388,139	5
Engineering	50,000	4,015	54,015	54,012	3
Town garage	74,828	-	74,828	61,917	12,911
Townwide motor fuel	133,000	-	133,000	131,669	1,331
Road materials	365,925	-	365,925	347,535	18,390
Transfer station	155,028	-	155,028	153,563	1,465
Septage disposal	2,600	28	2,628	2,628	-
Total public works and utilities	2,169,525	4,043	2,173,568	2,139,463	34,105

(Continued)

Town of East Hampton, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For The Year Ended June 30, 2019

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Regulatory					
Planning, zoning and buildings	\$ 333,413	\$ 375	\$ 333,788	\$ 333,786	\$ 2
Economic development commission	5,302	-	5,302	1,482	3,820
Conservation and lake commission	40,777	-	40,777	26,448	14,329
Redevelopment agency	1,480	-	1,480	1,253	227
Middle Haddam historic district	800	-	800	742	58
Total regulatory	<u>381,772</u>	<u>375</u>	<u>382,147</u>	<u>363,711</u>	<u>18,436</u>
Health and human services:					
Chatham health district	142,852	1	142,853	142,852	1
Human services	105,506	-	105,506	105,368	138
Senior center	122,288	-	122,288	117,655	4,633
Transportation	52,600	-	52,600	38,350	14,250
Cemetery care	5,000	-	5,000	4,901	99
Commission on aging	1,200	-	1,200	1,116	84
Community services	5,725	-	5,725	4,745	980
Total health and human services	<u>435,171</u>	<u>1</u>	<u>435,172</u>	<u>414,987</u>	<u>20,185</u>
Culture and recreation:					
Park and recreation	388,824	1,140	389,964	389,963	1
Arts and cultural commission	2,000	-	2,000	1,870	130
Community center	153,319	12,457	165,776	165,769	7
Library	442,551	-	442,551	440,883	1,668
Middle Haddam library	10,000	-	10,000	10,000	-
Total culture and recreation	<u>996,694</u>	<u>13,597</u>	<u>1,010,291</u>	<u>1,008,485</u>	<u>1,806</u>
Education	<u>30,499,668</u>	<u>231,084</u>	<u>30,730,752</u>	<u>30,729,252</u>	<u>1,500</u>
Debt service	<u>3,228,386</u>	<u>-</u>	<u>3,228,386</u>	<u>3,228,384</u>	<u>2</u>
Total expenditures	<u>44,453,670</u>	<u>231,084</u>	<u>44,684,754</u>	<u>44,509,374</u>	<u>175,380</u>
Other financing uses:					
Transfers out:					
Capital reserve fund	952,206	(140,000)	812,206	812,206	-
Debt service fund	40,000	-	40,000	40,000	-
Total other financing uses	<u>992,206</u>	<u>(140,000)</u>	<u>852,206</u>	<u>852,206</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 45,445,876</u>	<u>\$ 91,084</u>	<u>\$ 45,536,960</u>	<u>\$ 45,361,580</u>	<u>\$ 175,380</u>

(Concluded)

Town of East Hampton, Connecticut

Required Supplementary Information

General Fund
Board of Education
Schedule of Expenditures Compared with Appropriations
For The Year Ended June 30, 2019

	Original Appropriation	Additional Appropriations and Transfers	Final Appropriation	Expenditures	Variance with Final Budget
Certified salaries	\$ 15,421,142	\$ 140,000	\$ 15,561,142	\$ 15,550,810	\$ 10,332
Classified salaries	4,308,272	-	4,308,272	4,387,908	(79,636)
Employee benefits:					
Medical and dental	4,264,393	-	4,264,393	4,177,665	86,728
Unemployment compensation	5,000	-	5,000	27,676	(22,676)
Social security	271,589	-	271,589	287,892	(16,303)
Medicare	260,836	-	260,836	274,151	(13,315)
Pension	470,198	-	470,198	446,088	24,110
DC plan contribution	59,002	-	59,002	71,604	(12,602)
Workers' compensation	173,895	-	173,895	159,882	14,013
Life insurance	46,000	-	46,000	42,740	3,260
Other	1,000	-	1,000	393	607
Tuition	759,000	-	759,000	794,350	(35,350)
Pupil transportation	1,347,245	-	1,347,245	1,292,073	55,172
Other transportation	40,000	-	40,000	34,392	5,608
Computer consulting services	203,000	-	203,000	190,688	12,312
Meetings and conferences	25,000	-	25,000	16,307	8,693
Professional/technical services	990,000	-	990,000	910,171	79,829
Public utilities	55,105	-	55,105	54,911	194
Building, equipment maintenance and repairs	123,100	-	123,100	326,989	(203,889)
Heating, ventilation maintenance and repairs	40,500	-	40,500	19,879	20,621
Security system maintenance and repairs	25,500	-	25,500	46,617	(21,117)
Vehicle maintenance and repairs	500	-	500	3,361	(2,861)
Supplies, materials and minor equipment	277,700	-	277,700	342,948	(65,248)
Fire protection	24,500	-	24,500	-	24,500
Refuse removal	28,000	-	28,000	28,375	(375)
Water and underground tank testing	5,000	-	5,000	-	5,000
Pest control	7,900	-	7,900	9,830	(1,930)
Tile and carpet replacement	5,000	-	5,000	-	5,000
Equipment rental	101,000	-	101,000	94,780	6,220
Property and liability insurance	134,881	-	134,881	144,735	(9,854)
Staff travel	12,000	-	12,000	4,267	7,733
Communications	72,956	-	72,956	65,868	7,088
Newspaper advertising	200	-	200	1,673	(1,473)
Printing and binding	10,500	-	10,500	13,470	(2,970)
Other purchased services	33,200	-	33,200	31,866	1,334
Natural gas	146,880	-	146,880	153,105	(6,225)
Motor fuel	146,000	-	146,000	124,117	21,883
Electricity	425,000	-	425,000	410,696	14,304
Textbooks	105,750	-	105,750	82,598	23,152
Library books/periodicals	25,000	-	25,000	15,326	9,674
Other supplies and materials	35,800	-	35,800	33,603	2,197
Dues and fees	55,124	-	55,124	44,496	10,628
Equipment	25,000	-	25,000	8,802	16,198
Improvements other than building	-	-	-	2,000	(2,000)
Other	-	-	-	150	(150)
Special items	(68,000)	91,084	23,084	-	23,084
Total expenditures - RSI-1C	\$ 30,499,668	\$ 231,084	\$ 30,730,752	\$ 30,729,252	\$ 1,500

Town of East Hampton, Connecticut

Notes to Required Supplementary Information

Budgets and Budgetary Accounting
June 30, 2019

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.

This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- The Town does not budget for as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the Town's behalf.

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 for submission of a Town Government budget to the Board of Finance. The Board of Education submits its budget directly to the Board of Finance. The Board of Finance holds public meetings for presentation of the proposed budgets.

The Board of Finance compiles separate budgets for the Town Government and Board of Education based upon the Town Council's policy statement and the financial availability of Town funds, holds one or more public hearings on the proposed annual budgets and presents recommended budgets to the Town Council no later than April 15th. After making alterations or reductions, the Town Council submits separate budgets to the Town Meeting for approval. The call of the Annual Budget Meeting shall present, as separate resolutions, the Town Government budget and the Board of Education budget. The ballot questions provide for separate approval/disapproval of the Town Government budget and the Board of Education budget. In the event that either or both of the Town Government budget and/or Board of Education budget shall fail to pass at the referendum, such budget(s) which did not pass shall be revised and submitted for consideration at additional annual budget meetings, each of which shall likewise be adjourned for referendum, until such time as each budget shall have been adopted.

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 were \$91,084 of additional appropriations during the year from increased revenue appropriations.

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.

Town of East Hampton, Connecticut

Required Supplementary Information

Retirement Income Plan
Last Six Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Schedule of Changes in Net Pension Liability and Related Ratios						
Total pension liability:						
Service cost	\$ 769,708	\$ 760,805	\$ 778,005	\$ 805,799	\$ 763,446	\$ 819,627
Interest	2,812,145	2,750,141	2,616,836	2,516,844	2,337,307	2,242,374
Changes of benefit terms	(13,855)	-	-	-	-	-
Differences between expected and actual experience	200,401	(572,855)	-	831,035	302,268	-
Changes in assumptions	543,389	-	555,753	487,376	456,503	-
Benefit payments, including refunds of member contributions	<u>(2,047,792)</u>	<u>(2,074,206)</u>	<u>(1,985,377)</u>	<u>(1,751,356)</u>	<u>(1,594,194)</u>	<u>(1,465,203)</u>
Net change in total pension liability	2,263,996	863,885	1,965,217	2,889,698	2,265,330	1,596,798
Total pension liability - July 1	<u>40,410,373</u>	<u>39,546,488</u>	<u>37,581,271</u>	<u>34,691,573</u>	<u>32,426,243</u>	<u>30,829,445</u>
Total pension liability - June 30 (a)	<u><u>\$42,674,369</u></u>	<u><u>\$40,410,373</u></u>	<u><u>\$39,546,488</u></u>	<u><u>\$37,581,271</u></u>	<u><u>\$34,691,573</u></u>	<u><u>\$32,426,243</u></u>
Plan fiduciary net position:						
Contributions - employer	\$ 1,131,502	\$ 1,148,318	\$ 1,026,712	\$ 960,000	\$ 982,321	\$ 953,000
Contributions - member	381,870	374,910	398,344	421,156	419,210	413,838
Other	13,800	-	-	-	-	-
Net investment income	1,649,103	2,090,823	3,127,767	11,189	653,723	3,455,656
Benefit payments, including refunds of member contributions	(2,047,792)	(2,074,206)	(1,985,377)	(1,751,356)	(1,594,194)	(1,465,203)
Administration expenses	<u>(72,182)</u>	<u>(72,770)</u>	<u>(24,717)</u>	<u>(57,552)</u>	<u>(48,049)</u>	<u>(52,123)</u>
Net change in plan fiduciary net position	1,056,301	1,467,075	2,542,729	(416,563)	413,011	3,305,168
Plan fiduciary net position - July 1	<u>31,137,428</u>	<u>29,670,353</u>	<u>27,127,624</u>	<u>27,544,187</u>	<u>27,131,176</u>	<u>23,826,008</u>
Plan fiduciary net position - June 30 (b)	<u><u>\$32,193,729</u></u>	<u><u>\$31,137,428</u></u>	<u><u>\$29,670,353</u></u>	<u><u>\$27,127,624</u></u>	<u><u>\$27,544,187</u></u>	<u><u>\$27,131,176</u></u>
Net pension liability (asset) - June 30 (a)-(b)	<u><u>\$10,480,640</u></u>	<u><u>\$ 9,272,945</u></u>	<u><u>\$ 9,876,135</u></u>	<u><u>\$10,453,647</u></u>	<u><u>\$ 7,147,386</u></u>	<u><u>\$ 5,295,067</u></u>
Plan fiduciary net position as a percentage of the total pension liability	<u>75.44%</u>	<u>77.05%</u>	<u>75.03%</u>	<u>72.18%</u>	<u>79.40%</u>	<u>83.67%</u>
Covered payroll	<u>\$ 6,677,666</u>	<u>\$ 7,030,552</u>	<u>\$ 7,177,458</u>	<u>\$ 7,202,832</u>	<u>\$ 7,300,421</u>	<u>\$ 7,621,801</u>
Net pension liability as a percentage of covered payroll	<u>156.95%</u>	<u>131.89%</u>	<u>137.60%</u>	<u>145.13%</u>	<u>97.90%</u>	<u>69.47%</u>
Schedule of Investment Returns						
Annual money weighted rate of return, net of investment expense	<u>5.20%</u>	<u>6.89%</u>	<u>11.51%</u>	<u>-0.04%</u>	<u>2.36%</u>	<u>14.14%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of East Hampton, Connecticut

Required Supplementary Information

Retirement Income Plan
Schedule of Contributions
Last Ten Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contributions	\$ 1,095,521	\$ 1,115,081	\$ 1,020,204	\$ 957,490	\$ 980,548	\$ 952,198	\$ 815,329	\$ 749,829	\$ 787,261	\$ 765,583
Contributions in relation to the actuarially determined contribution	1,131,502	1,148,318	1,026,712	960,000	982,321	953,000	829,183	809,304	847,761	771,832
Contribution excess (deficiency)	<u>\$ 35,981</u>	<u>\$ 33,237</u>	<u>\$ 6,508</u>	<u>\$ 2,510</u>	<u>\$ 1,773</u>	<u>\$ 802</u>	<u>\$ 13,854</u>	<u>\$ 59,475</u>	<u>\$ 60,500</u>	<u>\$ 6,249</u>
Covered payroll	<u>\$ 6,677,666</u>	<u>\$ 7,030,552</u>	<u>\$ 7,177,458</u>	<u>\$ 7,202,832</u>	<u>\$ 7,300,421</u>	<u>\$ 7,621,801</u>	<u>\$ 7,372,236</u>	<u>\$ 7,317,009</u>	<u>\$ 6,613,882</u>	<u>\$ 6,674,011</u>
Contributions as a percentage of covered payroll	<u>16.94%</u>	<u>16.33%</u>	<u>14.30%</u>	<u>13.33%</u>	<u>13.46%</u>	<u>12.50%</u>	<u>11.25%</u>	<u>11.06%</u>	<u>12.82%</u>	<u>11.56%</u>

Town of East Hampton, Connecticut

Notes to Required Supplementary Information

Retirement Income Plan
Schedule of Contributions
Last Six Years (1)

	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2017	July 1, 2016	July 1, 2016	July 1, 2015	July 1, 2013	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:						
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percent, closed	Level percent, closed	Level percent, closed	Level percent, closed	Level percent, closed	Level percent, closed
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26
Investment Rate of Return	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Mortality Rate	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA. This assumption includes a valuation date margin for improvements in longevity beyond the valuation date	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA. This assumption includes a valuation date margin for improvements in longevity beyond the valuation date	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA. This assumption includes a valuation date margin for improvements in longevity beyond the valuation date	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA. This assumption includes a valuation date margin for improvements in longevity beyond the valuation date	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA. This assumption includes a valuation date margin for improvements in longevity beyond the valuation date	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA. This assumption includes a valuation date margin for improvements in longevity beyond the valuation date

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of East Hampton, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement System
Last Five Years (3)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Schedule of Proportionate Share of the Net Pension Liability</u>					
Town's proportion of the net pension liability (asset)	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<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 the Town	<u>50,718,039</u>	<u>48,810,812</u>	<u>51,495,781</u>	<u>38,984,952</u>	<u>36,033,775</u>
Total	<u>\$ 50,718,039</u>	<u>\$ 48,810,812</u>	<u>\$ 51,495,781</u>	<u>\$ 38,984,952</u>	<u>\$ 36,033,775</u>
Town's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Schedule of Contributions

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

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of East Hampton, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement System
Schedule of Contributions
Last Five Years (1)

	2019	2018	2017	2016	2015
Changes of Benefit Terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2014
Actuarial methods and assumptions used to determine contribution rates:					
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	17.6 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Inflation	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Investment Rate of Return	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale	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.	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.

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Town of East Hampton, Connecticut
Required Supplementary Information
Other Post-Employment Benefit (OPEB) Plan
Last Two Years (1)

Schedule of Changes in OPEB Liability

	<u>2019</u>	<u>2018</u>
OPEB liability		
Service cost	\$ 187,451	\$ 191,004
Interest	153,456	139,502
Changes in assumptions	155,433	(118,421)
Benefit payments, including refunds of member contributions	<u>(139,518)</u>	<u>(140,508)</u>
Net change in OPEB liability	356,822	71,577
OPEB liability - July 1	<u>3,846,921</u>	<u>3,775,344</u>
OPEB liability - June 30 (a) *	<u>\$ 4,203,743</u>	<u>\$ 3,846,921</u>
Covered payroll	<u>\$ 14,985,214</u>	<u>\$ 14,271,707</u>
Total OPEB liability as a percentage of covered payroll	<u>28.05%</u>	<u>26.95%</u>

* There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits.

(1) These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of East Hampton, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Last Two Years (3)

	<u>2019</u>	<u>2018</u>
<u>Schedule of Proportionate Share of the Net OPEB Liability</u>		
Town's proportion of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>10,138,874</u>	<u>12,563,334</u>
Total	<u>\$ 10,138,874</u>	<u>\$ 12,563,334</u>
Town's covered payroll	(2) <u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>1.49%</u>	<u>1.79%</u>

Schedule of Contributions

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 payroll	(2) <u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan

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

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of East Hampton, Connecticut

Notes to Required Supplementary Information

**Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Schedule of Contributions
Last Two Years (1)**

	2019	2018
Changes of Benefit Terms	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2016
Actuarial methods and assumptions used to determine contribution rates:		
Actuarial Cost Method	Entry age normal	Entry age normal
Amortization Method	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value
Inflation	2.75%	2.75%
Healthcare Inflation Rate	Initial 7.25% decreasing to 5.00% (ultimate) by 2022	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return	3.00%	4.25%
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Supplemental Schedules

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

Report of Tax Collector
For The Year Ended June 30, 2019

Grand List	Uncollected Taxes July 1, 2018	Current Tax Levy	Lawful Corrections		Transferred To Suspense	Net Amount Collectible	Collections			Uncollected Taxes June 30, 2019
			Additions	Deductions			Taxes	Interest and Liens	Total	
2017	\$ -	\$ 37,015,850	\$ 42,367	\$ 103,558	\$ 30,058	\$ 36,924,601	\$ 36,607,508	\$ 122,051	\$ 36,729,559	\$ 317,093
2016	312,799	-	4,352	8,469	45,744	262,938	171,353	63,286	234,639	91,585
2015	141,625	-	473	242	45,608	96,248	60,837	28,681	89,518	35,411
2014	100,139	-	451	3,517	45,676	51,397	30,797	20,646	51,443	20,600
2013	63,883	-	2,845	387	38,781	27,560	14,673	10,824	25,497	12,887
2012	32,642	-	699	-	20,603	12,738	6,910	6,384	13,294	5,828
2011	20,993	-	1,653	-	17,353	5,293	1,683	454	2,137	3,610
2010	18,104	-	285	-	14,912	3,477	-	-	-	3,477
2009	4,555	-	1,647	-	3,174	3,028	-	-	-	3,028
2008	2,460	-	568	-	624	2,404	494	1,037	1,531	1,910
2007	994	-	1,806	-	513	2,287	393	820	1,213	1,894
2006	52	-	2,206	-	405	1,853	-	-	-	1,853
	<u>\$ 698,246</u>	<u>\$ 37,015,850</u>	<u>\$ 59,352</u>	<u>\$ 116,173</u>	<u>\$ 263,451</u>	<u>\$ 37,393,824</u>	<u>\$ 36,894,648</u>	<u>\$ 254,183</u>	<u>\$ 37,148,831</u>	<u>\$ 499,176</u>

Other Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed 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 general government purposes
WPCA Joint Facilities	Member town fees	Regional sewer facility operations
WPCA Operating	User fees	Sewer operations

Debt Service Fund

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

Other Governmental Funds
Combining Balance Sheet
June 30, 2019

Special Revenue Funds

	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	Public Works
<u>Assets</u>						
Cash	\$ -	\$ 41,477	\$ 204,009	\$ 11,038	\$ 102,479	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Assessments and use charges	18,868	-	-	-	-	-
Intergovernmental	-	2,748	138,916	33,346	40,423	-
Loans	-	-	-	-	-	-
Other	-	-	25	37,248	159,149	-
Due from other funds	203,956	-	-	-	-	100,044
Other	-	-	-	8,599	-	-
Total assets	\$ 222,824	\$ 44,225	\$ 342,950	\$ 90,231	\$ 302,051	\$ 100,044
<u>Liabilities</u>						
Accounts payable	\$ 12,730	\$ 13,993	\$ 16,884	\$ 4,566	\$ 14,942	\$ -
Due to other funds	2,590	3,842	139,059	50,108	155,111	-
Unearned revenue	-	-	64,320	-	520	-
Total liabilities	15,320	17,835	220,263	54,674	170,573	-
<u>Deferred Inflows of Resources</u>						
Unavailable revenues:						
Water charges	18,868	-	-	-	-	-
Sewer assessment and use charges	-	-	-	-	-	-
Total deferred inflows of resources	18,868	-	-	-	-	-
<u>Fund Balances</u>						
Nonspendable	-	-	-	-	-	-
Restricted	188,636	-	-	35,557	-	-
Committed	-	26,390	122,687	-	131,478	100,044
Unassigned	-	-	-	-	-	-
Total fund balances	188,636	26,390	122,687	35,557	131,478	100,044
Total liabilities, deferred inflows of resources and fund balances	\$ 222,824	\$ 44,225	\$ 342,950	\$ 90,231	\$ 302,051	\$ 100,044

(Continued)

Town of East Hampton, Connecticut

Other Governmental Funds
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds				Total Special Revenue Funds	Debt Service
	Community Development	Miscellaneous Grants	WPCA Joint Facilities	WPCA Operating		Debt Service
<u>Assets</u>						
Cash	\$ 6,554	\$ 149,272	\$ 325,570	\$ 1,726,035	\$ 2,566,434	\$ 208,508
Investments	-	-	-	-	-	-
Receivables:						
Assessments and use charges	-	-	-	133,629	152,497	-
Intergovernmental	13,341	1,591	-	-	230,365	-
Loans	208,857	-	-	-	208,857	-
Other	-	-	72,275	25,087	293,784	-
Due from other funds	-	189,634	-	-	493,634	-
Other	-	-	-	-	8,599	-
Total assets	\$ 228,752	\$ 340,497	\$ 397,845	\$ 1,884,751	\$ 3,954,170	\$ 208,508
<u>Liabilities</u>						
Accounts payable	\$ 806	\$ 15,014	\$ 76,441	\$ 7,127	\$ 162,503	\$ -
Due to other funds	12,534	54,725	15,053	711,740	1,144,762	221,151
Unearned revenue	-	172,478	-	-	237,318	-
Total liabilities	13,340	242,217	91,494	718,867	1,544,583	221,151
<u>Deferred Inflows of Resources</u>						
Unavailable revenues:						
Water charges	-	-	-	-	18,868	-
Sewer assessment and use charges	-	-	-	133,629	133,629	-
Total deferred inflows of resources	-	-	-	133,629	152,497	-
<u>Fund Balances</u>						
Nonspendable	208,857	-	-	-	208,857	-
Restricted	6,555	-	306,351	1,032,255	1,569,354	-
Committed	-	98,280	-	-	478,879	-
Unassigned	-	-	-	-	-	(12,643)
Total fund balances	215,412	98,280	306,351	1,032,255	2,257,090	(12,643)
Total liabilities, deferred inflows of resources and fund balances	\$ 228,752	\$ 340,497	\$ 397,845	\$ 1,884,751	\$ 3,954,170	\$ 208,508

(Continued)

Town of East Hampton, Connecticut

Other Governmental Funds
Combining Balance Sheet
June 30, 2019

	Capital Projects Funds				Total Capital Projects Funds	Permanent		Total Other Governmental Funds
	WPCA Development	WPCA	WPCA Joint Facilities	Public Water System		Library Trust	Interfund Eliminations	
<u>Assets</u>								
Cash	\$ -	\$ 565,719	\$ 174,226	\$ -	\$ 739,945	\$ -	\$ -	\$ 3,514,887
Investments	-	-	387,868	-	387,868	16,855	-	404,723
Receivables:								
Assessments and use charges	47,710	-	-	-	47,710	-	-	200,207
Intergovernmental	-	-	-	-	-	-	-	230,365
Loans	-	-	-	-	-	-	-	208,857
Other	-	-	-	-	-	-	-	293,784
Due from other funds	402,346	104,709	-	54,725	561,780	-	(765,736)	289,678
Other	-	-	-	-	-	-	-	8,599
Total assets	\$ 450,056	\$ 670,428	\$ 562,094	\$ 54,725	\$ 1,737,303	\$ 16,855	\$ (765,736)	\$ 5,151,100
<u>Liabilities</u>								
Accounts payable	\$ -	\$ 1,283	\$ 23,696	\$ -	\$ 24,979	\$ -	\$ -	\$ 187,482
Due to other funds	-	-	-	-	-	-	(765,736)	600,177
Unearned revenue	-	-	-	-	-	-	-	237,318
Total liabilities	-	1,283	23,696	-	24,979	-	(765,736)	1,024,977
<u>Deferred Inflows of Resources</u>								
Unavailable revenues:								
Water charges	-	-	-	-	-	-	-	18,868
Sewer assessment and use charges	47,710	-	-	-	47,710	-	-	181,339
Total deferred inflows of resources	47,710	-	-	-	47,710	-	-	200,207
<u>Fund Balances</u>								
Nonspendable	-	-	-	-	-	15,500	-	224,357
Restricted	-	-	-	-	-	1,355	-	1,570,709
Committed	402,346	669,145	538,398	54,725	1,664,614	-	-	2,143,493
Unassigned	-	-	-	-	-	-	-	(12,643)
Total fund balances	402,346	669,145	538,398	54,725	1,664,614	16,855	-	3,925,916
Total liabilities, deferred inflows of resources and fund balances	\$ 450,056	\$ 670,428	\$ 562,094	\$ 54,725	\$ 1,737,303	\$ 16,855	\$ (765,736)	\$ 5,151,100

(Concluded)

Town of East Hampton, Connecticut

Other Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For The Year Ended June 30, 2019

Special Revenue Funds

	<u>Water System</u>	<u>Public Safety</u>	<u>Culture and Recreation</u>	<u>School Cafeteria</u>	<u>Education Grant</u>	<u>Public Works</u>
Revenues:						
Intergovernmental	\$ -	\$ 7,722	\$ 360,037	\$ 220,167	\$ 1,206,052	\$ -
Charges for services	165,584	117,397	306,658	355,072	368,388	-
Income from investments	421	68	25	4	13	812
Contributions and donations	-	2,533	40,315	-	16,881	-
	<u>166,005</u>	<u>127,720</u>	<u>707,035</u>	<u>575,243</u>	<u>1,591,334</u>	<u>812</u>
Total revenues						
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	143,846	-	-	-	-
Public works and utilities	129,336	-	-	-	-	-
Culture and recreation	-	-	771,309	-	-	-
Health and human services	-	-	-	-	-	-
Education	-	-	-	591,337	1,580,189	-
Debt service	-	-	-	-	-	-
	<u>129,336</u>	<u>143,846</u>	<u>771,309</u>	<u>591,337</u>	<u>1,580,189</u>	<u>-</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	<u>36,669</u>	<u>(16,126)</u>	<u>(64,274)</u>	<u>(16,094)</u>	<u>11,145</u>	<u>812</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(91,084)	(57,497)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,084)</u>	<u>(57,497)</u>
Total other financing sources (uses)						
Net change in fund balances	36,669	(16,126)	(64,274)	(16,094)	(79,939)	(56,685)
Fund balances - July 1, 2018	<u>151,967</u>	<u>42,516</u>	<u>186,961</u>	<u>51,651</u>	<u>211,417</u>	<u>156,729</u>
Fund balances - June 30, 2019	<u>\$ 188,636</u>	<u>\$ 26,390</u>	<u>\$ 122,687</u>	<u>\$ 35,557</u>	<u>\$ 131,478</u>	<u>\$ 100,044</u>

(Continued)

Town of East Hampton, Connecticut

Other Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For The Year Ended June 30, 2019

	Special Revenue Funds				Total Special	Debt Service
	Community Development	Miscellaneous Grants	WPCA Joint Facilities	WPCA Operating	Revenue Funds	Debt Service
Revenues:						
Intergovernmental	\$ 13,342	\$ 227,507	\$ -	\$ -	\$ 2,034,827	\$ -
Charges for services	-	48,524	1,234,317	1,551,787	4,147,727	-
Income from investments	13	192	72	3,593	5,213	731
Contributions and donations	-	7,450	-	-	67,179	-
Total revenues	13,355	283,673	1,234,389	1,555,380	6,254,946	731
Expenditures:						
Current:						
General government	13,341	245,828	-	-	259,263	14,703
Public safety	-	-	-	-	143,846	-
Public works and utilities	-	-	890,478	1,360,637	2,380,451	-
Culture and recreation	-	-	-	-	771,215	-
Health and human services	-	12,385	-	-	12,385	-
Education	-	-	-	-	2,171,526	30,505
Debt service	-	-	30,293	-	30,293	-
Total expenditures	13,341	258,213	920,771	1,360,637	5,768,979	45,208
Excess (deficiency) of revenues over expenditures	14	25,460	313,618	194,743	485,967	(44,477)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	40,000
Transfers out	-	-	(260,099)	(42,250)	(450,930)	-
Total other financing sources (uses)	-	-	(260,099)	(42,250)	(450,930)	40,000
Net change in fund balances	14	25,460	53,519	152,493	35,037	(4,477)
Fund balances - July 1, 2018	215,398	72,820	252,832	879,762	2,222,053	(8,166)
Fund balances - June 30, 2019	<u>\$ 215,412</u>	<u>\$ 98,280</u>	<u>\$ 306,351</u>	<u>\$ 1,032,255</u>	<u>\$ 2,257,090</u>	<u>\$ (12,643)</u>

(Continued)

Town of East Hampton, Connecticut

Other Governmental Funds
Combining Statement of Revenues, Expenditure
and Changes in Fund Balances
For The Year Ended June 30, 2019

	Capital Projects Funds				Total Capital Projects Funds	Permanent		Total Other Governmental Funds
	WPCA Development	WPCA	WPCA Joint Facilities	Public Water System		Library Trust	Interfund Eliminations	
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,034,827
Charges for services	78,149	-	-	-	78,149	-	-	4,225,876
Income from investments	4,784	4,282	1,006	-	10,072	376	-	16,392
Contributions and donations	-	-	-	-	-	-	-	67,179
Total revenues	82,933	4,282	1,006	-	88,221	376	-	6,344,274
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	273,966
Public safety	-	-	-	-	-	-	-	143,846
Public works and utilities	15,183	371,463	55,898	-	442,544	-	-	2,822,995
Culture and recreation	-	-	-	-	-	-	-	771,215
Health and human services	-	-	-	-	-	-	-	12,385
Education	-	-	-	-	-	-	-	2,202,031
Debt service	-	-	-	-	-	-	-	30,293
Total expenditures	15,183	371,463	55,898	-	442,544	-	-	6,256,731
Excess (deficiency) of revenues over expenditures	67,750	(367,181)	(54,892)	-	(354,323)	376	-	87,543
Other financing sources (uses):								
Transfers in	-	42,250	260,099	-	302,349	-	(302,349)	40,000
Transfers out	-	-	-	-	-	-	302,349	(148,581)
Total other financing sources (uses)	-	42,250	260,099	-	302,349	-	-	(108,581)
Net change in fund balances	67,750	(324,931)	205,207	-	(51,974)	376	-	(21,038)
Fund balances - July 1, 2018	334,596	994,076	333,191	54,725	1,716,588	16,479	-	3,946,954
Fund balances - June 30, 2019	<u>\$ 402,346</u>	<u>\$ 669,145</u>	<u>\$ 538,398</u>	<u>\$ 54,725</u>	<u>\$ 1,664,614</u>	<u>\$ 16,855</u>	<u>\$ -</u>	<u>\$ 3,925,916</u>

(Concluded)

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.

Custodial Funds

To account for collections and payments related to education activities at the schools. Financing is provided by individual fundraising projects.

Volunteer Firemen Award Fund

To account for the investment activity and monies held for volunteer firemen awards.

Town of East Hampton, Connecticut

**Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019**

	Custodial Funds		
	Student Activity Fund	Volunteer Firemen Award Fund	Total Custodial Funds
<u>Assets</u>			
Cash	<u>\$ 512,576</u>	<u>\$ -</u>	<u>\$ 512,576</u>
Investments:			
Mutual funds:			
Equity	-	1,138,801	1,138,801
U.S. government bonds	-	173,167	173,167
Money market	-	15	15
	-	1,311,983	1,311,983
Total investments	-	1,311,983	1,311,983
Total assets	<u>512,576</u>	<u>1,311,983</u>	<u>1,824,559</u>
<u>Net Position</u>			
Restricted for:			
Individuals and organizations	<u>\$ 512,576</u>	<u>\$ 1,311,983</u>	<u>\$ 1,824,559</u>

Town of East Hampton, Connecticut

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the Year Ended June 30, 2019

	Custodial Funds		
	Student Activity Fund	Volunteer Firemen Award Fund	Total Custodial Funds
Additions:			
Employer contributions	\$ -	\$ 16,395	\$ 16,395
Activities fees	617,975	-	617,975
Investment income (loss):			
Net change in fair value of investments	-	46,001	46,001
Interest and dividends	674	35,954	36,628
Total investment income (loss)	674	81,955	82,629
Total additions	618,649	98,350	716,999
Deductions:			
Benefits	-	7,964	7,964
Scholarship awards	6,337	-	6,337
Activities and events	553,170	-	553,170
Total deductions	559,507	7,964	567,471
Change in net position	59,142	90,386	149,528
Net position - July 1, 2018	453,434	1,221,597	1,675,031
Net position - June 30, 2019	\$ 512,576	\$ 1,311,983	\$1,824,559

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.

Town of East Hampton, Connecticut

Net Position by Component
Last Ten Years
(Unaudited)

June 30

	2019	(1) 2018	2017	2016	2015	(2) 2014	2013	2012	2011	2010
Net investment in capital assets	\$ 90,815,986	\$ 92,111,852	\$ 92,409,066	\$ 84,059,272	\$ 76,685,651	\$ 71,600,194	\$ 69,287,816	\$ 70,148,958	\$ 67,987,584	\$ 66,932,674
Restricted	1,801,621	1,411,558	1,224,115	824,233	638,069	1,743,119	2,241,000	3,183,000	3,031,388	3,026,010
Unrestricted	<u>(386,430)</u>	<u>(1,950,181)</u>	<u>1,216,719</u>	<u>7,422,392</u>	<u>6,222,350</u>	<u>4,881,503</u>	<u>11,940,565</u>	<u>8,359,229</u>	<u>8,466,520</u>	<u>7,425,994</u>
Total net position	<u>\$ 92,231,177</u>	<u>\$ 91,573,229</u>	<u>\$ 94,849,900</u>	<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>

Note:

(1) - Unrestricted net position decreased in 2018 due to the implementation of GASB 75 which required that the OPEB liability of \$3,846,921 be recorded on the government-wide financial statements.

(2) - Unrestricted net position decreased in 2014 due to the implementation of GASB 68 which required that the net pension liability of \$5,295,067 be recorded on the government-wide financial statements.

Town of East Hampton, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
General government	\$ 3,074,835	\$ 3,061,842	\$ 3,548,663	\$ 3,257,116	\$ 2,847,076	\$ 2,607,793	\$ 2,663,044	\$ 2,447,985	\$ 2,443,122	\$ 3,175,055
Public safety	3,794,082	3,925,006	3,801,189	3,391,168	3,150,700	2,941,474	2,618,870	2,823,334	2,737,441	2,882,654
Public works and utilities	5,682,984	6,052,715	6,005,994	6,207,110	6,445,962	5,188,262	5,297,481	5,364,060	5,325,891	4,792,395
Culture and recreation	2,105,434	1,729,582	1,930,354	1,729,557	1,539,637	1,654,876	1,303,462	1,439,916	1,366,556	1,440,829
Health and human services	500,180	689,520	665,153	509,796	1,032,383	727,068	458,228	436,539	362,272	477,033
Regulatory	531,294	522,221	477,104	567,332	509,982	458,302	436,731	424,570	509,982	647,805
Education	39,253,487	40,215,775	40,207,125	34,928,883	33,265,577	33,743,421	32,105,361	31,579,590	31,018,794	29,863,970
Interest	1,107,436	1,033,464	791,832	611,498	89,742	284,456	196,684	259,279	312,259	368,987
Total expenses	56,049,732	57,230,125	57,427,414	51,202,460	48,881,059	47,605,652	45,079,861	44,775,273	44,076,317	43,648,728
Program revenues:										
Charges for services:										
General government	381,373	396,441	378,462	354,803	334,535	330,789	331,161	307,991	310,197	314,490
Public safety	127,270	176,571	156,255	172,264	175,584	82,916	87,190	77,903	48,487	199,872
Public works and utilities	2,938,823	2,415,293	2,591,122	2,460,626	2,199,579	2,190,984	2,153,810	2,166,724	2,116,544	2,108,720
Culture and recreation	318,290	275,085	257,926	266,383	210,777	206,256	196,679	209,251	218,155	231,110
Health and human services	1,525	1,375	1,800	975	1,274	1,250	975	550	525	850
Regulatory	207,224	193,828	185,851	201,477	156,507	146,059	107,721	110,638	95,970	170,035
Education	723,460	638,599	578,751	575,870	591,855	462,261	454,627	501,103	517,287	580,766
Operating grants and contributions	14,430,674	15,010,161	15,417,882	13,052,314	11,819,345	13,204,237	12,414,880	12,786,216	12,786,945	12,048,503
Capital grants and contributions	201,850	229,450	6,608,161	10,431,742	6,813,942	1,570,666	981,075	1,422,995	496,985	1,196,987
Total program revenues	19,330,489	19,336,803	26,176,210	27,516,454	22,303,398	18,195,418	16,728,118	17,583,371	16,591,095	16,851,333
Net expenses	(36,719,243)	(37,893,322)	(31,251,204)	(23,686,006)	(26,577,661)	(29,410,234)	(28,351,743)	(27,191,902)	(27,485,222)	(26,797,395)
General revenues:										
Property taxes	36,855,185	35,727,324	33,287,819	32,164,130	31,378,784	30,545,568	29,729,485	29,054,004	29,078,949	27,760,475
Grants and contributions not restricted to specific programs	154,988	156,382	410,559	152,200	237,767	218,407	227,704	229,541	251,865	264,189
Income from investments	279,650	92,757	70,147	102,101	236,524	37,313	65,317	47,794	80,509	142,627
Other	87,368	2,704	26,682	27,402	45,840	112,659	107,431	66,258	174,713	304,570
Total general revenues	37,377,191	35,979,167	33,795,207	32,445,833	31,898,915	30,913,947	30,129,937	29,397,597	29,586,036	28,471,861
Change in net position	\$ 657,948	\$ (1,914,155)	\$ 2,544,003	\$ 8,759,827	\$ 5,321,254	\$ 1,503,713	\$ 1,778,194	\$ 2,205,695	\$ 2,100,814	\$ 1,674,466

Town of East Hampton, Connecticut

Fund Balances, Governmental Funds
Last Ten Years
(Unaudited)

June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,550	\$ -	\$ -
Unassigned	5,713,344	5,435,624	5,263,469	4,959,395	5,064,400	4,872,509	4,873,812	4,365,605	4,350,654	4,083,407
Total general fund	5,713,344	5,435,624	5,263,469	4,959,395	5,064,400	4,872,509	4,873,812	4,581,155	4,350,654	4,083,407
All other governmental funds:										
Nonspendable	224,357	224,357	15,500	15,500	224,357	15,500	15,500	15,500	15,500	15,500
Restricted	1,570,709	1,396,058	1,208,615	808,733	622,569	1,727,619	2,225,500	3,167,500	3,015,888	3,010,510
Committed	8,689,796	4,669,882	5,163,325	5,699,789	13,528,022	5,912,955	5,748,389	3,332,988	3,183,240	3,007,118
Assigned	-	-	-	113,865	169,130	232,188	358,538	435,709	495,906	612,475
Unassigned	(12,643)	(8,166)	(19,013)	(26,062)	-	-	-	(320,066)	(2,615)	(5,976)
Total all other governmental funds	10,472,219	6,282,131	6,368,427	6,611,825	14,544,078	7,888,262	8,347,927	6,631,631	6,707,919	6,639,627
Grand total	\$ 16,185,563	\$ 11,717,755	\$ 11,631,896	\$ 11,571,220	\$ 19,608,478	\$ 12,760,771	\$ 13,221,739	\$ 11,212,786	\$ 11,058,573	\$ 10,723,034

Town of East Hampton, Connecticut
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Unaudited)

	Year Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Property taxes	\$ 37,184,386	\$ 36,935,812	\$ 33,583,829	\$ 31,981,176	\$ 31,199,130	\$ 30,227,688	\$ 29,330,074	\$ 29,094,729	\$ 28,900,523	\$ 27,402,725
Intergovernmental	14,720,333	15,314,541	22,108,968	23,439,452	18,833,229	14,949,740	13,767,049	14,596,871	13,534,992	13,427,456
Charges for services	4,831,881	4,411,157	4,152,828	3,957,917	3,598,131	3,319,868	3,340,273	3,367,972	3,268,668	3,620,840
Income from investments	279,650	92,757	70,147	102,101	236,524	37,313	65,317	47,794	80,509	142,627
Contributions and donations	67,179	81,452	173,754	53,434	181,098	63,714	22,581	12,958	45,691	34,949
Other	87,368	2,704	26,682	27,402	45,840	103,238	107,431	66,258	174,713	304,570
Total revenues	57,170,797	56,838,423	60,116,208	59,561,482	54,093,952	48,701,561	46,632,725	47,186,582	46,005,096	44,933,167
Expenditures:										
Current:										
General government	11,249,842	4,826,958	4,698,857	3,904,068	3,711,488	3,555,998	3,588,818	3,371,103	4,003,971	3,894,843
Public safety	2,972,253	2,962,159	2,917,696	2,577,012	2,458,595	2,385,843	2,301,579	2,391,197	2,271,331	2,556,133
Public works and utilities	5,581,204	4,975,138	5,906,007	5,056,247	5,232,672	3,932,921	4,173,659	4,138,647	4,215,334	5,213,454
Culture and recreation	2,035,310	1,291,651	1,599,904	1,289,322	1,254,488	1,392,707	1,188,691	1,236,785	1,166,176	1,185,665
Health and human services	427,372	599,688	561,431	420,828	977,274	679,756	416,126	395,823	556,741	376,385
Regulatory	363,711	352,768	323,558	422,147	368,205	378,159	364,173	359,886	430,430	449,453
Education	38,496,966	39,896,742	36,743,208	33,759,174	32,500,120	32,790,124	31,188,500	30,824,266	30,324,038	29,023,145
Debt service:										
Principal	2,374,318	2,077,368	1,944,738	866,085	1,171,716	914,545	977,727	998,844	1,442,383	1,655,951
Interest	1,322,037	994,208	936,730	232,302	158,256	191,774	224,294	257,686	300,219	333,558
Capital outlay	-	-	11,326,553	25,850,728	16,204,393	3,730,812	3,369,141	3,000,532	958,934	1,163,277
Total expenditures	64,823,013	57,976,680	66,958,682	74,377,913	64,037,207	49,952,639	47,792,708	46,974,869	45,669,557	45,851,864
Excess (deficiency) of revenues over expenditures	(7,652,216)	(1,138,257)	(6,842,474)	(14,816,431)	(9,943,255)	(1,251,078)	(1,159,983)	211,713	335,539	(918,697)
Other financing sources (uses):										
Issuance of debt	12,015,579	405,000	6,700,000	4,810,000	16,415,000	745,000	3,140,000	-	-	-
Premium	104,445	500,372	-	1,116,024	167,105	35,689	28,936	-	-	-
Capital lease	-	109,887	172,349	1,062,006	-	-	-	-	-	-
Sale of equipment	-	-	-	-	-	9,421	-	-	-	-
Transfers in	1,000,787	1,497,291	1,386,850	1,601,414	1,040,795	1,783,900	1,015,868	1,704,661	1,164,500	1,804,763
Transfers out	(1,000,787)	(1,497,291)	(1,356,049)	(1,601,414)	(1,040,795)	(1,783,900)	(1,015,868)	(1,762,161)	(1,164,500)	(1,804,763)
Net other financing sources (uses)	12,120,024	1,015,259	6,903,150	6,988,030	16,582,105	790,110	3,168,936	(57,500)	-	-
Net change in fund balances	\$ 4,467,808	\$ (122,998)	\$ 60,676	\$ (7,828,401)	\$ 6,638,850	\$ (460,968)	\$ 2,008,953	\$ 154,213	\$ 335,539	\$ (918,697)
Debt service as a percentage of noncapital expenditures	6.70%	5.50%	5.39%	2.29%	2.79%	2.40%	2.72%	2.72%	3.93%	4.68%

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		
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
2017	995,161,525	1,421,659,321	127,747,940	182,497,057	1,122,909,465	1,604,156,378	70.00%	29.44
2018	995,231,847	1,421,759,781	133,439,983	190,628,547	1,128,671,830	1,612,388,328	70.00%	31.32
2019	1,000,847,779	1,429,782,541	137,122,868	195,889,811	1,137,970,647	1,625,672,353	70.00%	32.21

Source: Town of East Hampton, Assessor's Office

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

Town of East Hampton, Connecticut

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

Name	Nature of Business	2019			2010		
		Assessed Value	Rank	Percentage Net Taxable Grand List (1)	Assessed Value	Rank	Percentage Net Taxable Grand List (1)
Eversource (Formerly CT Light & Power Co.)	Utility	\$ 20,987,760	1	1.84%	\$ 13,251,620	1	1.16%
Landmark East Hampton LLC	Mall Real Estate	7,521,320	2	0.66%	7,400,000	2	0.65%
Connecticut Natural Gas Corp.	Utility	3,507,610	3	0.31%	-	-	-
Hampton 66 LLC	Real Estate Developer	3,500,000	4	0.31%	-	-	-
Global Self Storage	Commercial Real Estate	2,673,480	5	0.23%	1,856,452	9	0.16%
East High Street Realty	Real Estate Developer	2,387,472	6	0.21%	2,345,180	7	0.21%
American Distilling	Manufacturer	2,184,420	7	0.19%	2,962,890	5	0.26%
Paul's & Sandy's Too, Inc.	Real Estate - Commercial/Farm	2,116,910	8	0.19%	2,066,070	8	0.18%
Toyota Lease Trust	Automobile Leasing	1,774,400	9	0.16%	-	-	-
Noslen, Inc./Gustine Family Ltd	Campground	1,734,820	10	0.15%	-	-	-
Skyline Estates LLC	Real Estate Developer	-	-	-	3,043,911	4	0.27%
Z Incorporated	Convalescent Home	-	-	-	1,760,140	10	0.15%
East Hampton NE Development LLC	Real Estate Developer	-	-	-	3,309,880	3	0.29%
Rechovos Corporation	Real Estate Developer	-	-	-	2,529,637	6	0.22%
Totals		<u>\$ 48,388,192</u>		<u>4.25%</u>	<u>\$ 40,525,780</u>		<u>3.55%</u>

Source: Assessor's Office, Town of East Hampton

(1) Based on October 1, 2017 and 2008 net taxable Grand List of \$1,137,970,647 and \$1,140,813,064, respectively.

Table 7

Town of East Hampton, Connecticut
Tax Rates, Levies and Cash Collections
Last Ten Years
(Unaudited)

<u>Year Ended June 30</u>	<u>(1) Mill Rate</u>	<u>(2) Total Adjusted Tax Levy</u>	<u>Net Current Levy Tax Collections</u>	<u>Percentage of Current Taxes Collected</u>	<u>Collections in Subsequent Years</u>	<u>Total Collections</u>	<u>Percent of Levy Collected</u>	<u>Current Delinquent Balance</u>
2010	24.01	\$ 27,458,502	\$ 26,889,271	97.93%	\$ 567,321	\$ 27,456,592	99.99%	\$ 1,910
2011	24.98	28,730,903	28,141,090	97.95%	586,785	28,727,875	99.99%	3,028
2012	25.68	28,705,137	28,141,477	98.04%	560,183	28,701,660	99.99%	3,477
2013	25.97	29,347,660	28,659,192	97.65%	684,858	29,344,050	99.99%	3,610
2014	26.63	30,178,771	29,481,088	97.69%	691,855	30,172,943	99.98%	5,828
2015	27.14	30,951,102	30,345,144	98.04%	593,071	30,938,215	99.96%	12,887
2016	27.78	31,836,966	31,191,920	97.97%	624,446	31,816,366	99.94%	20,600
2017	29.44	33,204,218	32,674,062	98.40%	494,745	33,168,807	99.89%	35,411
2018	31.32	35,564,525	35,251,726	99.12%	221,214	35,472,940	99.74%	91,585
2019	32.21	36,924,601	36,607,508	99.14%	-	36,607,508	99.14%	317,093

(1) There are no overlapping tax rates.

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

Source: Town of East Hampton Tax office

Town of East Hampton, Connecticut

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

<u>Year Ended June 30</u>	<u>General Obligation Bonds (1)</u>	<u>Notes</u>	<u>Premiums</u>	<u>Capital Leases</u>	<u>Total</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2010	\$ 8,410,000	\$ 445,565	\$ 64,926	\$ -	\$ 8,920,491	0.95%	\$ 699
2011	7,040,000	373,182	54,575	-	7,467,757	0.79%	574
2012	6,115,000	299,338	44,224	-	6,458,562	0.68%	497
2013	8,340,000	236,611	33,873	-	8,610,484	0.88%	665
2014	8,250,000	210,815	57,425	-	8,518,240	0.84%	660
2015	23,625,000	184,498	47,202	-	23,856,700	2.38%	1,853
2016	27,715,000	157,650	1,065,479	976,617	29,914,746	2.99%	2,327
2017	32,710,000	130,260	1,008,544	922,978	34,771,782	2.80%	2,181
2018	31,410,000	803,236	1,387,818	80,516	33,681,570	3.35%	2,611
2019	41,300,000	580,126	1,306,649	54,887	43,241,662	4.30%	3,352

(1) Includes permanently financed bond anticipation notes.

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

There is no overlapping debt for the Town.

Town of East Hampton, Connecticut
Ratios of General Bonded Debt Outstanding
Last Ten Years
(Unaudited)

Year Ended June 30	General Obligation Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Premiums	Total		
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	28,780,479	1.77%	2,238
2017	32,710,000	1,008,544	33,718,544	2.07%	2,171
2018	31,410,000	1,387,818	32,797,818	2.04%	2,542
2019	41,300,000	1,306,649	42,606,649	2.64%	3,315

(1) Include: Includes permanently financed bond anticipation notes.

Note: Details regarding the Town's outstanding debt can be found in the notes to financial statements. There is no overlapping debt for the Town.

Town of East Hampton, Connecticut

**Schedule of Debt Limitation
Connecticut Statutes, Section 7-374(b)
June 30, 2019
(Unaudited)**

Tax base:

Total tax collections (including interest and lien fees) for the prior year \$ 37,050,157

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
<u>Debt limitation:</u>					
2 1/4 times base	\$ 83,362,853	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	166,725,707	-	-	-
3 3/4 times base	-	-	138,938,089	-	-
3 1/4 times base	-	-	-	120,413,010	-
3 times base	-	-	-	-	111,150,471
Total limitations	<u>83,362,853</u>	<u>166,725,707</u>	<u>138,938,089</u>	<u>120,413,010</u>	<u>111,150,471</u>
<u>Indebtedness:</u>					
Bond	5,092,000	24,233,000	-	-	-
Bond anticipation notes - long-term	11,975,000	-	-	-	-
Bond anticipation notes - short-term	-	700,000	-	-	-
Net indebtedness	<u>17,067,000</u>	<u>24,933,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 66,295,853</u>	<u>\$ 141,792,707</u>	<u>\$ 138,938,089</u>	<u>\$ 120,413,010</u>	<u>\$ 111,150,471</u>
The total net indebtedness above amounts to:					<u>\$ 42,000,000</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:					<u>\$ 259,351,099</u>
There is no overlapping debt for the Town.					

Town of East Hampton, Connecticut**Legal Debt Margin Information
Last Ten Years
(Unaudited)**

<u>Year Ended June 30</u>	<u>Debt Limit</u>	<u>Net Debt Applicable To Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable</u>
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%
2017	235,251,737	33,140,260	202,111,477	14.09%
2018	259,351,099	33,187,317	226,163,782	12.80%
2019	259,351,099	42,000,000	217,351,099	16.19%

Town of East Hampton, Connecticut
Demographic and Economic Statistics
Last Ten Years
(Unaudited)

Year Ended June 30	(1) Population	Personal Income	(2) Median Household Income	(2) Per Capita Income	(2) Median Age	(2) Education Level in Years of Formal Schooling	(3) School Enrollment	(4) Unemployment Rate
2010	12,766	\$ 73,281	\$ 90,470	\$ 36,115	32	30% Bachelor Degree or more	2,002	8.70%
2011	12,999	73,160	82,529	32,187	32	33% Bachelor Degree or more	1,944	9.60%
2012	12,989	73,274	90,539	39,293	40	37% Bachelor Degree or more	1,928	7.50%
2013	12,940	75,492	91,770	38,149	40	39% Bachelor Degree or more	1,882	7.50%
2014	12,912	78,750	93,083	40,017	41	40% Bachelor Degree or more	1,839	4.80%
2015	12,874	77,917	109,915	42,794	41	40% Bachelor Degree or more	1,830	4.00%
2016	12,858	77,813	96,066	43,207	42	42% Bachelor Degree or more	1,888	5.00%
2017	12,869	78,002	96,299	45,836	45	39% Bachelor Degree or more	1,880	4.30%
2018	12,901	76,378	95,923	47,758	45	41% Bachelor Degree or more	1,894	3.40%
2019	12,854	79,283	99,104	43,426	46	39% Bachelor Degree or more	1,921	3.00%

Source:

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

(2) Connecticut Economic Resource Center.

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

(4) Department of Labor, State of Connecticut.

N/A - Information not available

Town of East Hampton, Connecticut

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Employer	2019			2010		
	Employees	Rank	Percentage of total employment	Employees	Rank	Percentage of total employment
Town of East Hampton	377	1	18.66%	386	1	20.34%
Stop & Shop Supermarket	150	2	7.43%	149	2	7.85%
Cobalt Lodge	74	3	3.66%	74	3	3.90%
Eversource Energy	50	4	2.48%	50	4	2.63%
American Distilling	50	5	2.48%	50	5	2.63%
Paul's & Sandy's Too Inc.	35	6	1.73%	14	8	0.74%
United State Postal Service	31	7	1.53%	30	6	1.58%
Dattco, Inc.	30	8	1.49%	-	-	0.00%
Bevin Brothers	18	9	0.89%	16	7	0.84%
Total	815		40.35%	769		40.52%

Source: Connecticut Department of Labor

Note: All other employers have less than 10 employees.

Town of East Hampton, Connecticut
Full-Time Equivalent Town Government Employees by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Administrative and General Government</u>										
Town Clerk	2.2	2.0	2.0	2.0	2.0	2.5	2.5	2.5	2.5	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	4.5	4.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Human Resources	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0
Facilities / Building Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	3.0	3.5	3.3	3.3
Information Technology	1.0	1.0	1.0	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	2.2	2.3	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Tax Collector	2.2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	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	0.5	0.5
Police	18.0	18.0	18.0	17.0	17.0	17.0	17.0	17.0	17.0	19.0
Animal Control	0.0	0.0	0.0	0.0	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	10.5	10.5	10.5	11.0	11.0	11.0
<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	2.0	2.0	1.0	1.0	1.0	1.0	1.3	1.3	1.3	1.3
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	8.0	8.0	8.0	7.5
<u>Recreation</u>										
Parks and Recreation	5.5	5.5	5.5	5.5	5.0	5.0	5.0	5.5	5.2	5.2
Grand Total	86.1	86.3	85.0	84.0	83.5	84.0	86.3	87.8	87.8	90.3

Source: Town Human Resources Department.

Town of East Hampton, Connecticut

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

Function / Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Town</u>										
Administrative and General Government	14.2	14.0	13.5	13.5	12.5	13.0	15.0	15.5	15.3	16.3
Finance	9.4	9.8	10.0	10.0	10.0	10.0	10.0	10.0	10.5	10.5
Public Safety	18.5	18.5	18.5	17.5	18.5	18.5	18.5	18.5	18.5	20.5
Public Works	26.5	26.5	26.5	26.5	26.5	26.5	26.5	27.0	27.0	27.0
Health, Social and Senior Services	4.0	4.0	3.0	3.0	3.0	3.0	3.3	3.3	3.3	3.3
Library	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.5
Recreation	5.5	5.5	5.5	5.5	5.0	5.0	5.0	5.5	5.2	5.2
Total	86.1	86.3	85.0	84.0	83.5	84.0	86.3	87.8	87.8	90.3
<u>Board of Education</u>										
Certified	175.0	175.0	173.0	172.0	175.0	176.4	175.4	174.0	177.0	177.0
Non-Certified	120.5	120.5	119.0	119.0	125.0	126.0	126.0	126.0	123.0	123.0
Total	295.5	295.5	292.0	291.0	300.0	302.4	301.4	300.0	300.0	300.0
Total	381.6	381.8	377.0	375.0	383.5	386.4	387.7	387.8	387.8	390.3

Source: Town and Board of Education Human Resource Departments.

Town of East Hampton, Connecticut
Operating Indicators by Function/Program
Last Ten Years
(Unaudited)

Function / Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public safety										
Fire										
Incidents	324	313	302	318	351	350	413	445	400	334
Fire Marshall Inspections	75	72	151	214	179	193	174	133	206	226
Police										
Criminal arrests	145	178	130	141	166	139	144	129	247	177
Parking violations	-	4	-	2	15	15	1	2	9	-
Citations	189	173	178	248	343	207	133	418	228	380
Public works										
Street resurfacing (paved miles)	3.20	0.74	6.06	7.89	10.00	-	5.12	7.90	6.00	6.15
Storm drains cleaned	400	28	887	756	1,055	972	-	300	1,024	356
Parks and recreation										
Sessions / Classes	312	318	328	279	241	228	285	220	200	225
Program enrollments	4,370	4,191	3,987	3,958	3,002	3,536	2,469	1,978	3,040	2,562
Library										
Volumes in collection	63,207	65,285	80,040	78,383	78,403	69,908	69,908	72,543	70,104	74,721
Total volumes borrowed	77,250	70,695	64,167 *	141,349	140,380	141,078	141,451	138,967	138,042	134,974
Education										
School enrollment	1,921	1,864	1,861	1,888	1,830	1,839	1,882	1,928	1,944	2,002

Source: Various Town Departments.

* The definition/method used to calculate total volumes borrowed has been revised.

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

Function / Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Parks and Recreation:</u>										
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
<u>Public Safety:</u>										
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	9	9
<u>Public Works:</u>										
Highway department										
Streets (miles)	91.6	91.6	91.6	91.6	91.3	91.1	91.1	91.1	90.8	90.4
Wastewater										
Sanitary sewers (miles)	42.96	42.96	42.96	42.96	42.96	42.96	42.96	42.96	42.96	42.96
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
<u>Libraries:</u>										
Number of public libraries	2	2	2	2	2	2	2	2	2	2
<u>Education:</u>										
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