

**Comprehensive Annual
Financial Report**

of the

**Town of East Hampton,
Connecticut**

For the Year Ended

June 30, 2018

**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, 2018**

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Introductory Section

Town of East Hampton, Connecticut

List of Principal Officials
June 30, 2018

TOWN COUNCIL

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

BOARD OF FINANCE

Michael Rose, Chairman
Richard Brown, Vice Chairperson
Alannah Coshov
Janine Jiantonio
Layne McLennan
Barbara Moore
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

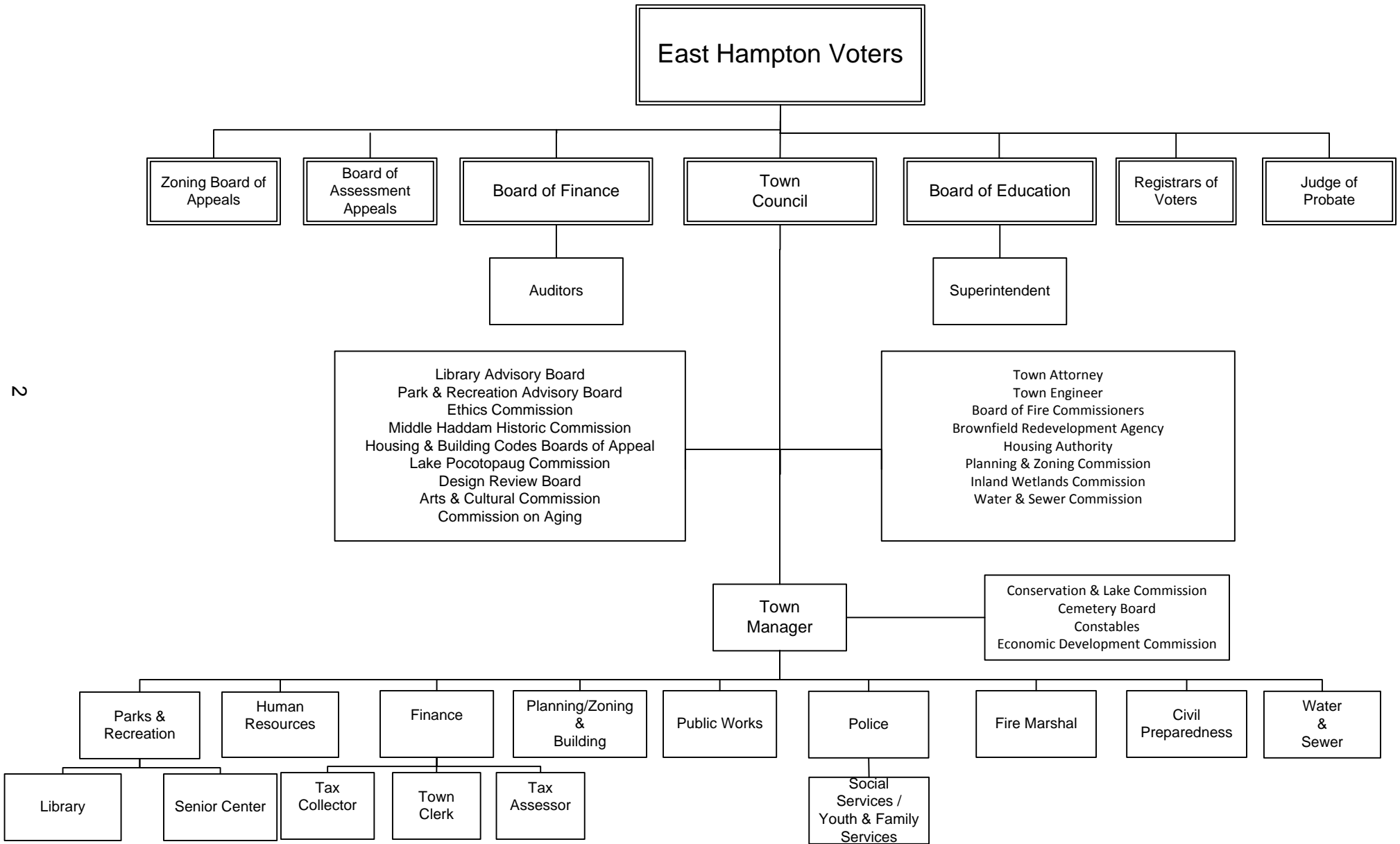
EAST HAMPTON ADMINISTRATIVE OFFICIALS

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
Sandra M. Wieleba

Town of East Hampton, Connecticut Organizational Chart





TOWN OF EAST HAMPTON
20 EAST HIGH STREET
EAST HAMPTON, CT 06424

Office of the FINANCE DIRECTOR

JEFFERY JYLKKA, CPA

jjylkka@easthamptonct.gov

January 24, 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, 2018. 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, 2018, 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, 2018, 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, mandated "Single Audit" designed to meet the special needs of Federal and State 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 and State awards. These reports are available in the Town's separately issued Single Audit Reports.

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 current population is 12,901. 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 required supplementary information section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, Exhibit K (II) A in the Notes to Financial Statements describes the budget process used by the Town.

Local Economy and Major Initiatives

East Hampton is a residential community with a light industrial tax base and limited seasonal resorts. Principal industries include manufacture of bells, pharmaceuticals, tools and dies, and forestry. East Hampton has been fortunate that foreclosure rates are below regional, state and national levels. Unemployment rates have decreased from 4.3% to 3.4% and are slightly lower than the national average of 4.2% and regional and state levels. East Hampton's existing development has occurred primarily on the major roadways, Routes 16, 151, and particularly, Route 66.

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

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 January 2020. The Christopher Brook culvert replacement rehabilitation project is complete. Funding for the \$1,100,000 project came from federal and state grants along with bond funds and local tax dollars. The fuel island and underground tank removal project began during the year and was completed in December 2018. Funding for the project came from bond funds.

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

The Town of East Hampton is well positioned to accept and meet the challenges posed by the 21st century. The Town has a moderate debt burden, which is planned for quick retirement; and its pension plans remain at relatively high funding levels. Conservative budgeting practices has enabled the Town to maintain its unassigned fund balance, which represents 12.2% 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 2017 the town issued \$7,105,000 of general obligation bonds to permanently finance the outstanding bond anticipation notes for the High School renovation (\$6,700,000) and road improvement projects (\$405,000) and issued an additional \$1,675,000 of notes for the High School project (\$1,200,000) and the fuel island project (\$475,000). The first debt payments began during the fiscal year. 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 are due in September 2019.

Relevant Financial Policies

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

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

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, 2017, 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, 2017

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, as of and for the year ended June 30, 2018, 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, 2018, 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 respective budgetary comparison for the general fund and the pension and other post-employment benefit plan schedules on pages 11 to 20 and pages 74 to 88, 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 January 24, 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
January 24, 2019



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

Michael Maniscalco
Town Manager
860.267.4468

Jeffery M. Jylkka
Finance Director
860.267.7548

**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

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, 2018.

Financial Highlights

- During the fiscal year, the Town implemented GASB 75 related to other post-employment benefits (OPEB). GASB 75 requires that the net OPEB liability be recorded on the government-wide financial statements. The result of implementing GASB 75 was a prior period adjustment as of July 1, 2017 to record the OPEB liability of \$3,775,344 and to remove the net OPEB obligation previously recorded of \$2,203,971. The current year OPEB expense was \$179,425 and the OPEB liability at year end was \$3,846,921.
- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$91,573,229 (*net position*). Of this amount, unrestricted net position was a deficit balance of \$1,950,181.
- The Town's total net position decreased by \$1,914,155. The decrease is due substantially to decreases in taxes, sewer assessments, and loan revenues from prior years and increases in pension and OPEB expense, offset by increases in net debt related activity due to accounting basis differences.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,717,755, a decrease of \$122,998 in comparison with the prior year. This slight decrease is a result of the positive operations of the general fund and capital reserves fund funds off set by the decrease in fund balance for the capital initiatives fund of \$817,208 and other governmental funds \$350,769. The capital initiatives fund deficit was due to timing expenditures incurred and when the projects are financed.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,435,624, an increase of \$172,155 in comparison with the prior year. This fund balance represents 12.2% 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-1).

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 the progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with 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 decreased by 2.0% from a year ago – decreasing from \$93,487,384 (as restated) to \$91,573,229.

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 Statement of Net Position
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 18,416,938	\$ 19,131,927
Capital assets, net	<u>127,468,422</u>	<u>127,480,848</u>
Total assets	<u>145,885,360</u>	<u>146,612,775</u>
Deferred outflows of resources	<u>767,736</u>	<u>1,843,268</u>
Long-term liabilities outstanding	46,014,996	47,823,874
Other liabilities	<u>8,563,185</u>	<u>7,144,785</u>
Total liabilities	<u>54,578,181</u>	<u>54,968,659</u>
Deferred inflows of resources	<u>501,686</u>	<u>-</u>
Net investment in capital assets	92,111,852	92,409,066
Restricted	1,411,558	1,224,115
Unrestricted	<u>(1,950,181)</u>	<u>(145,797)</u>
Total net position	<u>\$ 91,573,229</u>	<u>\$ 93,487,384</u>

A portion of the Town's net position (1.54%) 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 \$1,950,181.

The Town's net position decreased by \$1,914,155. Key elements of this decrease are as follows:

- Decrease of \$1,629,117 by change in recognition of property taxes, sewer assessments, and loan revenues from prior years.
- Increase offset by net debt related activity of \$1,009,043 due to accounting basis differences.
- Increase in pension and OPEB expense of \$1,045,605.

**Statement of Changes in Net Position
For the Years Ended June 30, 2018 and 2017**

	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 4,097,192	\$ 4,150,167
Operating grants and contributions	15,010,161	15,417,882
Capital grants and contributions	229,450	6,608,161
General revenues:		
Property taxes	35,727,324	33,287,819
Grants and contributions not restricted to specific programs	156,382	410,559
Investment income	92,757	70,147
Other	2,704	26,682
Total revenues	55,315,970	59,971,417
Expenses:		
General government	3,061,842	3,548,663
Public safety	3,925,006	3,801,189
Civic and human services	689,520	665,153
Public works and utilities	6,052,715	6,005,994
Education	40,215,775	40,207,125
Regulatory	522,221	477,104
Culture and recreation	1,729,582	1,930,354
Interest	1,033,464	791,832
Total expenses	57,230,125	57,427,414
Change in net position	(1,914,155)	2,544,003
Net position - July 1 (as restated)	93,487,384	92,305,897
Restatements:		
OPEB liability	-	(1,571,373)
Other (see Note IV G)	-	208,857
Net position - June 30	\$ 91,573,229	\$ 93,487,384

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

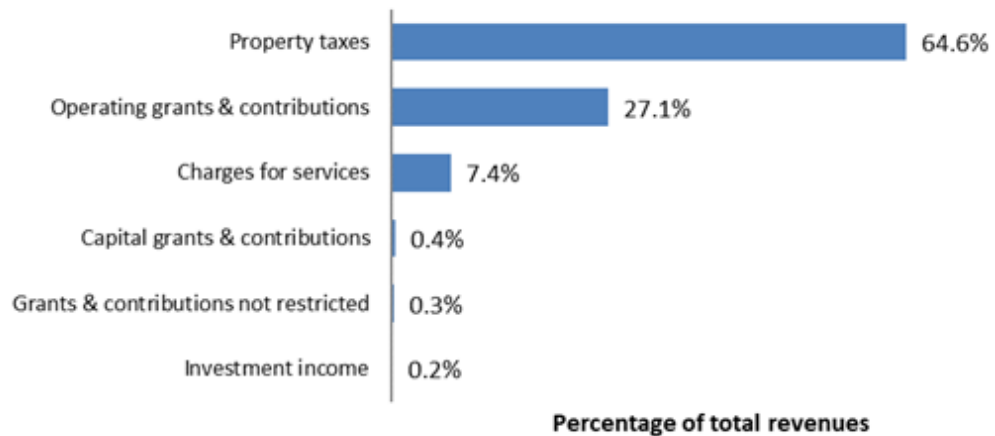
Revenues:

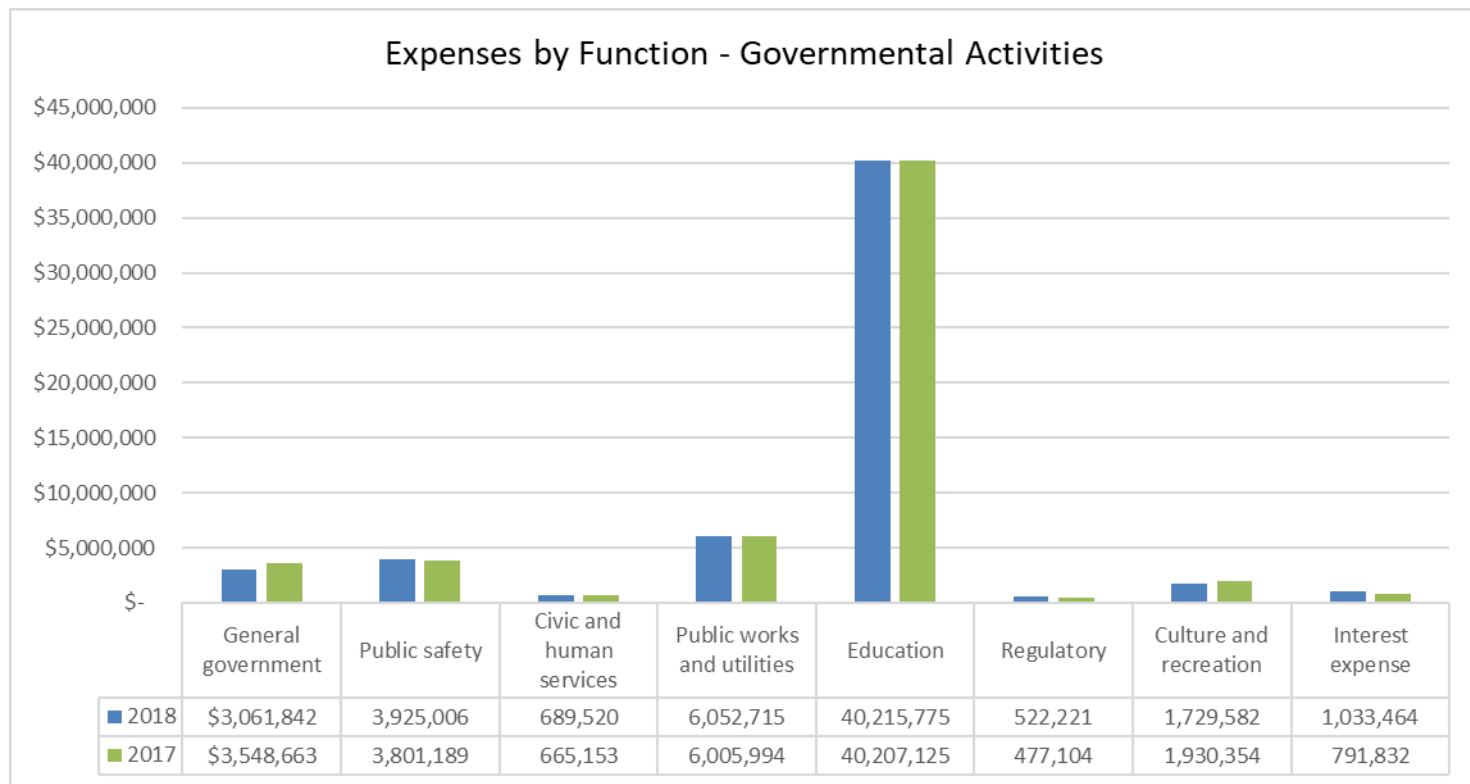
- The \$2,439,505 increase in property taxes was due to increase in the budget and, therefore, the related tax levy.
- Operating grants and contributions decreased by \$407,721 substantially due to a decrease in the Parks & Recreation Airline trail grant.
- Capital grants and contributions decreased by \$6,378,711 substantially due to the receipt of the State of Connecticut school construction grant during the prior year for the High School renovation project.

Expenses:

- General government expenses decreased by \$486,821 due to a decrease in pension expense and other employee benefits.
- Interest expenses increased by \$241,632 due to bonds issued in the prior year and related scheduled interest payments.
- Culture and Recreation expenses decreased by \$200,772 primarily as a result of a decrease in expenses relating to the Airline Trail extension project.
- Public safety increased by \$123,817 due to an increase in pension expense and overtime cost related to police outside services.

Revenue by Source - Governmental Activities





Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,717,155. \$6,290,297 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 (\$1,396,058), and 3) committed (\$4,669,882).

The total fund balance decreased from \$11,840,753 to \$11,717,155. This slight decrease is a result of the positive operations of the general fund and capital reserves fund funds off set by the decrease in fund balance for the capital initiatives fund of \$817,208 and other governmental funds \$350,769. The capital initiatives fund deficit was due to timing expenditures incurred and when the projects are financed.

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 \$5,435,624. 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 12.2% of total general fund expenditures and transfers out.

Capital Initiatives Fund. This fund accounts for financial resources to be used for the acquisition of major equipment or construction of facilities. The capital initiatives fund's expenditure and other financing uses exceeded its revenues and other financing sources by \$817,208. This is due to use of bond anticipation notes to finance projects (\$1,675,000).

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 revenues and transfers exceed its expenditures by \$872,824 as a result of timing of funding and capital purchases.

General Fund Budgetary Highlights

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

- Additional appropriation of \$570,000 from fund balance to transfer to Capital Reserve Fund for Library/Community Center roof repairs (\$223,000), Public Works dump truck (\$177,000) and a Public Works paver (\$170,000).
- Legal budget transfer \$25,030 for pre-referendum costs relating to the new Town Hall / Police Department building project and a legal settlement.
- Police regular patrol transfer \$21,043 for payroll.
- Town center fire system transfer \$20,770 for hydrant leak repairs in the Village Center.
- Community center transfer \$11,090 for utility expenses.

Capital Assets and Debt Administration

Capital assets. At year end, the Town's capital assets totaled \$127,468,422, net of accumulated depreciation. This includes land, buildings, land improvements, machinery and equipment, roads, bridges, intangible assets and construction in progress. The decrease in the Town's capital assets for the current fiscal year was \$12,426 or (.01%). This decrease is largely due to the increase in construction in progress, for the High School renovation project (\$713,746) and the Town Hall / Police Department facility project (\$623,208) and machinery and equipment purchases of \$593,638 offset depreciation by \$2,340,222.

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

- Machinery and equipment additions of \$593,638, which included the following:
 - Two 2017 police explorers (\$57,264)
 - Septage receiving station (\$60,359)
 - Automatic bar screen (\$161,155)
 - High school furniture 2018 (\$21,188)
 - HVAC replacement (\$29,692)
 - Dry polymer system (\$41,774)
 - School security window film (\$62,105)

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

	2018	2017
Land	\$ 2,677,322	\$ 2,635,182
Intangible assets	701,650	705,300
Construction in progress	51,296,977	50,776,882
Buildings	24,930,996	25,784,820
Improvements other than buildings	132,729	139,335
Machinery and equipment	8,655,497	8,939,593
Infrastructure	39,073,251	38,499,736
Total	\$ 127,468,422	\$ 127,480,848

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

Long-term debt. At the end of the current fiscal year, the Town had total long-term debt of \$31,512,317, a decrease of \$1,327,943 as compared to the prior year. The decrease is primarily due to the principal payments of \$1,732,943 and debt issuance of \$405,000. All debt is backed by the full faith and credit of the Town.

**Outstanding Debt
Long-Term Obligations**

	2018	2017
General obligation bonds	\$31,410,000	\$ 26,010,000
Bond anticipation notes	-	6,700,000
Clean water notes	102,317	130,260
Total	\$31,512,317	\$ 32,840,260

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 \$235,251,737, 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 3.4%. This is lower than both the state's average unemployment rate of 4.5% and the Hartford Labor Market rate of 4.5%. The Town is slightly below the national average of 4.0%.
- According to the Bureau of Census American Community Survey 5-Year Estimates, 2013-2017, per capita income in East Hampton was \$47,758 compared to Middlesex County (\$43,695) and the State (\$41,365). Median family income was \$116,790 versus \$104,985 for the county and \$93,800 for the State. The percent of families below poverty level was 2.3% for the Town. The county percentage was 4.5% and the State's was 7.0%.
- The net taxable grand list for fiscal year 2018 increased approximately 0.51%. This increase was primarily driven by new motor vehicles and personal property.
- 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 19%. This downward trend has been factored into our intergovernmental revenue estimates.
- The total number of building permits for fiscal year 2018 decreased from 1,346 to 1,010 or 25% over last fiscal year. The value of permits issued decreased by 5.7% and as a result our revenue estimates have been adjusted downward accordingly.
- Debt service payments have increased by \$439,045 compared to 2017-2018. This increase is primarily due to the issuance of \$7,105,000 of bonds to pay for the High School renovation project and Public Works road projects.

All of these factors were considered in preparing the Town's budget for the 2019 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, 2018

<u>Assets</u>	
Current assets:	
Cash	\$ 16,426,929
Restricted cash	58,161
Investments	53,825
Receivables:	
Property taxes	312,050
Assessments	185,713
Intergovernmental	276,899
Other	240,093
Other assets	<u>20,194</u>
Total current assets	<u>17,573,864</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted investments	979
Permanently restricted investments	<u>15,500</u>
Total restricted assets	<u>16,479</u>
Receivables (net):	
Property taxes	428,074
Assessments	216,864
Loans	<u>181,657</u>
Total receivables (net)	<u>826,595</u>
Capital assets (net of accumulated depreciation and amortization)	
Land	2,677,322
Intangible assets (net)	701,650
Construction in progress	51,296,977
Buildings	24,930,996
Improvements other than buildings	132,729
Machinery and equipment	8,655,497
Infrastructure	<u>39,073,251</u>
Total capital assets (net of accumulated depreciation and amortization)	<u>127,468,422</u>
Total noncurrent assets	<u>128,311,496</u>
Total assets	<u>145,885,360</u>

Deferred Outflows of Resources

Pension related	<u>767,736</u>
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(Continued)

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

Town of East Hampton, Connecticut

Statement of Net Position

Governmental Activities

June 30, 2018

Liabilities

Current liabilities:

Accounts payable and other payables	\$ 3,084,687
Accrued liabilities	171,058
Accrued payroll	151,712
Accrued interest payable	445,589
Unearned revenue	267,525
Developer bonds	58,161
Bond anticipation notes	1,675,000
Bonds and notes payable	2,113,507
Capital lease payable	251,726
Compensated absences	144,220
Environmental obligation	200,000

Total current liabilities	8,563,185
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Noncurrent liabilities:

Bonds, notes and related liabilities	30,786,628
Capital lease payable	529,709
Compensated absences	1,378,793
Net pension liability	9,272,945
OPEB liability	3,846,921
Environmental obligation	200,000

Total noncurrent liabilities	46,014,996
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Total liabilities	54,578,181
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Deferred Inflows of Resources

Pension related	393,838
OPEB related	107,848

Total deferred inflows of resources	501,686
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Net Position

Net investment in capital assets	92,111,852
Restricted for:	
Endowments:	
Expendable	979
Nonexpendable	15,500
Public works	1,336,887
Education	58,192
Unrestricted	(1,950,181)
Total net position	\$ 91,573,229

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, 2018

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	\$ 3,061,842	\$ 396,441	\$ 248,020	\$ -	\$ (2,417,381)
Public safety	3,925,006	176,571	-	-	(3,748,435)
Civic and human services	689,520	1,375	15,507	-	(672,638)
Public works and utilities	6,052,715	2,415,293	292,892	-	(3,344,530)
Education	40,215,775	638,599	14,341,689	229,450	(25,006,037)
Regulatory	522,221	193,828	-	-	(328,393)
Culture and recreation	1,729,582	275,085	112,053	-	(1,342,444)
Interest expense	1,033,464	-	-	-	(1,033,464)
Total	\$ 57,230,125	\$ 4,097,192	\$ 15,010,161	\$ 229,450	(37,893,322)
General revenues:					
Property taxes					35,727,324
Grants and contributions not restricted to specific programs					156,382
Investment income					92,757
Other					2,704
Total general revenues					35,979,167
Change in net position					(1,914,155)
Net position - July 1, 2017 (as restated)					93,487,384
Net position - June 30, 2018					\$ 91,573,229

Town of East Hampton, Connecticut

Balance Sheet
Governmental Funds
June 30, 2018

	General	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
<u>Assets</u>					
Cash	\$ 7,739,035	\$ 3,482,659	\$ 845,887	\$ 4,359,348	\$ 16,426,929
Restricted cash	58,161	-	-	-	58,161
Investments	53,825	-	-	16,479	70,304
Receivables:					
Property taxes	698,246	-	-	-	698,246
Assessments and use charges	-	-	-	333,812	333,812
Intergovernmental	474	19,410	-	257,015	276,899
Loans	-	-	-	208,857	208,857
Other	20,224	-	-	219,250	239,474
Due from other funds	852,592	1,097,432	1,334,176	373,196	3,657,396
Other	10,893	-	-	9,301	20,194
Total assets	\$ 9,433,450	\$ 4,599,501	\$ 2,180,063	\$ 5,777,258	\$ 21,990,272
<u>Liabilities</u>					
Accounts and other payables	\$ 1,612,581	\$ 1,240,120	\$ 30,531	\$ 201,455	\$ 3,084,687
Accrued liabilities	149,556	21,502	-	-	171,058
Accrued payroll	151,712	-	-	-	151,712
Bond anticipation notes payable	-	1,675,000	-	-	1,675,000
Due to other funds	1,327,570	1,477,234	-	1,058,016	3,862,820
Developer bonds	58,161	-	-	-	58,161
Unearned revenue	-	-	-	267,525	267,525
Total liabilities	3,299,580	4,413,856	30,531	1,526,996	9,270,963
<u>Deferred Inflows of Resources</u>					
Unavailable revenues:					
Property taxes	698,246	-	-	-	698,246
Water charges	-	-	-	18,602	18,602
Sewer assessment and use charges	-	-	-	284,706	284,706
Total deferred inflows of resources	698,246	-	-	303,308	1,001,554
<u>Fund Balances</u>					
Nonspendable	-	-	-	224,357	224,357
Restricted	-	-	-	1,396,058	1,396,058
Committed	-	185,645	2,149,532	2,334,705	4,669,882
Unassigned	5,435,624	-	-	(8,166)	5,427,458
Total fund balances	5,435,624	185,645	2,149,532	3,946,954	11,717,755
Total liabilities, deferred inflows of resources and fund balances	\$ 9,433,450	\$ 4,599,501	\$ 2,180,063	\$ 5,777,258	\$ 21,990,272

(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, 2018

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

Total fund balance (Exhibit C, page 1)	\$	11,717,755
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Beginning capital assets		127,480,848
Current capital asset additions (net of construction in progress decreases)		2,173,916
Donated assets		153,880
Depreciation expense		(2,340,222)
Other long-term assets and deferred outflows are not available resources and, therefore, are not reported in the funds:		
Property tax and sewer assessment interest and lien accrual		350,762
Allowance for doubtful accounts		(267,319)
Deferred outflows related to pensions		767,736
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:		
Property tax, water charges, sewer assessment, and loans receivable - accrual basis change		1,001,554
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		206,043
Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable		(31,512,317)
Premiums		(1,387,818)
Capital lease		(781,435)
Compensated absences		(1,523,013)
Net pension liability		(9,272,945)
OPEB liability		(3,846,921)
Environmental obligation		(400,000)
Accrued interest payable		(445,589)
Deferred inflows related to pensions		(393,838)
Deferred inflows related to OPEB		(107,848)
Net position of governmental activities (Exhibit A)	\$	<u>91,573,229</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, 2018

	General	Capital Initiatives	Capital Reserve	Other Governmental Funds	Total
Revenues:					
Property taxes	\$ 36,935,812	\$ -	\$ -	\$ -	\$ 36,935,812
Intergovernmental	13,319,088	29,040	-	1,966,413	15,314,541
Charges for services	624,993	-	5,784	3,780,380	4,411,157
Investment income	53,065	17,837	7,323	14,532	92,757
Contributions and donations	-	-	-	81,452	81,452
Other	2,704	-	-	-	2,704
Total revenues	50,935,662	46,877	13,107	5,842,777	56,838,423
Expenditures:					
Current:					
General government	4,110,808	623,208	1,800	91,142	4,826,958
Public safety	2,494,391	-	211,050	256,718	2,962,159
Public works and utilities	2,101,978	248,607	-	2,624,553	4,975,138
Culture and recreation	972,764	-	-	318,887	1,291,651
Health and human services	406,943	-	-	192,745	599,688
Regulatory	352,768	-	-	-	352,768
Education	36,274,633	631,872	280,712	2,709,525	39,896,742
Debt service	2,775,513	265,770	-	30,293	3,071,576
Total expenditures	49,489,798	1,769,457	493,562	6,223,863	57,976,680
Excess (deficiency) of revenues over expenditures	1,445,864	(1,722,580)	(480,455)	(381,086)	(1,138,257)
Other financing sources (uses):					
Issuance of debt	-	405,000	-	-	405,000
Premium (bond and bond anticipation note)	-	500,372	-	-	500,372
Capital lease	-	-	109,887	-	109,887
Transfers in	111,791	-	1,348,000	37,500	1,497,291
Transfers out	(1,385,500)	-	(104,608)	(7,183)	(1,497,291)
Total other financing sources (uses)	(1,273,709)	905,372	1,353,279	30,317	1,015,259
Net change in fund balances	172,155	(817,208)	872,824	(350,769)	(122,998)
Fund balances - July 1, 2017 (as restated)	5,263,469	1,002,853	1,276,708	4,297,723	11,840,753
Fund balances - June 30, 2018	\$ 5,435,624	\$ 185,645	\$ 2,149,532	\$ 3,946,954	\$ 11,717,755

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, 2018

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

Net change in fund balances - Total Governmental Funds (Exhibit D) \$ (122,998)

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

Capital outlay	2,173,916
Depreciation expense	<u>(2,340,222)</u>

Total (166,306)

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

Donated assets	153,880
----------------	---------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the Fund Financial Statements are not recognized in the statement of activities:

Change in property tax, water charges, sewer assessment, and community development block grant receivable - accrual basis change	(1,045,211)
Change in property tax and sewer assessment interest and lien revenue	<u>(477,242)</u>

Total (1,522,453)

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	(405,000)
Premium on bonds	(460,443)
Capital leases	<u>(109,887)</u>
Principal repayments:	
General obligation bonds and notes	1,732,943
Capital lease	<u>251,430</u>

Total 1,009,043

(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, 2018

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

Amortization of bond premium	\$ 81,169
Compensated absences	(232,426)
Net pension liability	603,190
OPEB liability	(71,577)
Accrued interest payable	(67,359)
Amortization of deferred outflows of resources	(1,075,532)
Amortization of deferred inflows of resources	<u>(501,686)</u>
Total	<u>(1,264,221)</u>
Internal Service Funds are used by management to charge costs of various self-insured risk premiums to individual departments	<u>(1,100)</u>
Change in net position (Exhibit B)	\$ <u><u>(1,914,155)</u></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, 2018

	Internal Service Funds
<u>Assets</u>	
Current assets:	
Due from other funds	\$ 206,043
	<u> </u>
<u>Net Position</u>	
Unrestricted	\$ 206,043
	<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, 2018

	Internal Service Funds
Operating expenses:	
Administration	\$ 1,100
Change in net position	(1,100)
Total net position - July 1, 2017	<u>207,143</u>
Total net position - June 30, 2018	<u><u>\$ 206,043</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, 2018

	Internal Service Funds
Cash flows from operating activities:	
Cash received/(paid) on due to/from balances	\$ 1,100
Cash paid for administration	<u>(1,100)</u>
Net increase (decrease) in cash	-
Cash - July 1, 2017	<u>-</u>
Cash - June 30, 2018	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (1,100)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Due from other funds	<u>1,100</u>
Net cash provided by (used in) 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, 2018

	Pension Trust Fund	Custodial Funds
<u>Assets</u>		
Cash	\$ 75,300	\$ 453,434
Investments:		
Mutual funds:		
Equity	17,775,594	1,060,884
U.S. government bonds	4,945,634	160,721
Corporate bonds	4,311,644	-
International bonds	1,984,078	-
Money market	392,041	611
Real estate limited partnership	1,653,137	-
Total investments	31,062,128	1,222,216
Total assets	31,137,428	1,675,650
<u>Liability</u>		
Due to other funds	-	619
<u>Net Position</u>		
Restricted for:		
Pensions	31,137,428	-
Individuals and organizations	-	1,675,031
Total net position	\$ 31,137,428	\$ 1,675,031

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, 2018

	Pension Trust Fund	Custodial Funds
Additions:		
Contributions:		
Employer	\$ 1,148,318	\$ 15,405
Plan members	374,910	-
Charges for services	-	820,623
Total contributions	<u>1,523,228</u>	<u>836,028</u>
Investment income (loss):		
Net change in fair value of investments	1,211,678	(2,488)
Interest and dividends	902,900	57,302
Total investment income (loss)	<u>2,114,578</u>	<u>54,814</u>
Less investment expenses	<u>(23,755)</u>	<u>-</u>
Net investment income (loss)	<u>2,090,823</u>	<u>54,814</u>
Total additions	<u>3,614,051</u>	<u>890,842</u>
Deductions		
Benefits	2,074,206	619
Administration	72,770	-
Scholarship awards	-	14,885
Activities and events	-	754,706
Total deductions	<u>2,146,976</u>	<u>770,210</u>
Change in net position	1,467,075	120,632
Net position - July 1, 2017 (as restated)	<u>29,670,353</u>	<u>1,554,399</u>
Net position - June 30, 2018	<u>\$ 31,137,428</u>	<u>\$ 1,675,031</u>

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

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**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.

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
For the Year Ended June 30, 2018**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. 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, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

The *Custodial Funds* account for monies held on behalf of students and for volunteer firemen awards.

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

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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**

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

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

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

State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

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

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**2. Receivables and payables****a. Interfunds**

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

b. Property taxes and other receivables

In the government-wide financial statements, property tax and loan receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 24 percent of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, all property taxes 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 endowment purposes. The trust agreement restricts the expenditure of the investment income only for the designated purpose.

4. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**4. Capital assets (continued)**

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

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

5. Deferred outflows/inflows of resources

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

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

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes (including advance collections, if any), water charges, sewer assessment and use charges and loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Net position flow assumption

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

7. Compensated absences

The Town allows employees to accumulate earned but unused vacation and sick pay benefits. The rate that these benefits are earned and accumulate varies by bargaining unit. Upon severance from employment with the Town, employees are paid by a prescribed formula for these accrued absences. All compensated absences are accrued when incurred in the government-wide financial statements.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**7. Compensated absences (continued)**

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.

8. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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

9. Fund equity and net position

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

Net investment in capital assets

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

Restricted net position

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

Unrestricted net position

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

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

Nonspendable

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

Restricted

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

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**9. Fund equity and net position (continued)**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.

Assigned

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

Unassigned

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

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

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

10. Use of estimates

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

11. Reclassifications

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

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

II. Stewardship, compliance and accountability

• Budgets and budgetary accounting

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

- The Town Council submits to the Board of Finance a policy statement outlining its annual budget goals and objectives for the ensuing fiscal year. The Town Manager compiles preliminary estimates for all departments and agencies 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 was an additional appropriation during the year of \$570,000 from fund balance for the purchase of two public works vehicles and library roof repairs.

- 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

Notes to Financial Statements
For the Year Ended June 30, 2018

- Capital projects authorizations**

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

<u>Project Name</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
2012 Public Works Road Project	\$ 3,720,000	\$ 3,240,953	\$ 479,047
Brewer Road Pavement Rehabilitation	408,500	513,470	(104,970)
Christopher Brook Culvert Replacement	771,240	1,109,818	(338,578)
Total Road Projects	4,899,740	4,864,241	35,499
High School Renovation Project - Phase I	200,080	183,148	16,932
High School Renovation Project - Phase II	51,695,000	50,568,071	1,126,929
Memorial School Oil Tank	150,000	139,276	10,724
Memorial School Roof	3,290,000	2,762,216	527,784
Public Safety Dispatch	439,710	357,387	82,323
Oakum Dock water easement	790,500	733,487	57,013
Water Tower Demolition	200,000	193,994	6,006
Fuel Island	475,000	234,603	240,397
Town Hall Project	18,981,000	565,213	18,415,787
Public Works Paver	177,000	-	177,000
Public Works Dump Truck	170,000	-	170,000
Community Center Roof Repairs	312,000	-	312,000
Total	<u>\$ 81,780,030</u>	<u>\$ 60,601,636</u>	<u>\$ 21,178,394</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.

- 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
For the Year Ended June 30, 2018

III. Detailed notes

A. Cash and investments

Deposits - custodial credit risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. \$15,361,857 of the Town's bank balance of \$17,130,336 (including certificates of deposit classified as investments) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,083,892
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>4,277,965</u>
Total amount subject to custodial credit risk	<u>\$ 15,361,857</u>

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

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

Type of Investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	1-5 Years	5-10 Years
<u>Mutual funds:</u>					
Equity	\$18,836,478	\$18,836,478	\$ -	\$ -	\$ -
U.S. government bonds	5,106,355	-	-	160,721	4,945,634
Corporate bonds	4,311,644	-	-	2,157,606	2,154,038
International bonds	1,984,078	-	-	-	1,984,078
Money market	392,652	-	392,652	-	-
Certificates of deposit	16,479	-	16,479	-	-
Pooled Fixed Income	53,825	-	53,825	-	-
Real Estate Limited Partnership	1,653,137	1,653,137	-	-	-
Total	<u>\$32,354,648</u>	<u>\$20,489,615</u>	<u>\$ 462,956</u>	<u>\$4,302,405</u>	<u>\$7,099,672</u>

Fair value of investments

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

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted prices for identical securities in markets that are not active
- Level 3: Unobservable inputs

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

A. Cash and investments (continued)

The Town had the following recurring fair value measurements:

	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments by fair value level				
<u>Mutual Funds:</u>				
Equity	\$ 18,836,478	\$ 18,836,478	\$ -	\$ -
Corporate bonds	4,311,644	4,311,644	-	-
International bonds	1,984,078	1,984,078	-	-
U.S. government bonds	5,106,355	-	5,106,355	-
Money market	392,652	392,652	-	-
Total investments by fair value level	30,631,207	\$ 25,524,852	\$ 5,106,355	\$ -
<u>Investments measured at Net Asset Values (NAV)</u>				
Real estate limited partnership	1,653,137			
<u>Other Investments not subject to fair value measurement</u>				
Certificates of deposit	16,479			
Pooled fixed income	53,825			
Total other investments	70,304			
Total Investments	\$ 32,354,648			

Investments Measured at NAV

Investment Description	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate limited partnership	\$ 1,653,137	\$ -	Quarterly	90 days

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

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018**

A. Cash and investments (continued)

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

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

Ratings	Mutual Funds				
	Government Agency Securities	Corporate Bonds	International Bonds	Money Market	Pooled Fixed Income
AAA	\$ 5,106,355	\$ -	\$ -	\$ 392,652	\$ 53,825
A	-	4,311,644	-	-	-
BB	-	-	1,984,078	-	-
Total	<u>\$5,106,355</u>	<u>\$ 4,311,644</u>	<u>\$ 1,984,078</u>	<u>\$ 392,652</u>	<u>\$ 53,825</u>

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

The investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds. The Town does not have any investments subject to custodial credit risk since the investments held are pooled investments or are held in the Town's name.

Foreign currency risk - The Town does not have a formal policy with respect to the 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.

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.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**B. Receivables (continued)**

	Property Taxes			
	Taxes	Interest & Liens	Total	
Current portion	\$ 271,269	\$ 40,782	\$ 312,050	
Long-term portion	\$ 426,977	\$ 231,097	\$ 658,074	
Less allowance for uncollectibles	(160,000)	(70,000)	(230,000)	
Net long-term portion	\$ 266,977	\$ 161,097	\$ 428,074	
	Sewer Use and Assessments			CDBG Loans
	Use	Interest & Liens	Total	
Current portion	\$ 150,215	\$ 35,498	\$ 185,713	\$ -
Long-term portion	\$ 183,597	\$ 43,386	\$ 226,983	\$ 208,857
Less allowance for uncollectibles	(7,815)	(2,304)	(10,119)	(27,200)
Net long-term portion	\$ 175,782	\$ 41,082	\$ 216,864	\$ 181,657

C. Capital assets

Capital asset activity for the fiscal year was as follows:

	Beginning Balance July 1, 2017	Increases	Decreases	Ending Balance June 30, 2018
<u>Capital assets, not being depreciated:</u>				
Land	\$ 2,635,182	\$ 42,140	\$ -	\$ 2,677,322
Intangible assets	698,000	-	-	698,000
Construction in progress	50,776,882	1,690,272	1,170,177	51,296,977
Total capital assets, not being depreciated	54,110,064	1,732,412	1,170,177	54,672,299
<u>Capital assets, being depreciated:</u>				
Buildings	49,178,303	62,105	-	49,240,408
Intangible assets	60,000	-	-	60,000
Improvements other than buildings	226,937	-	-	226,937
Machinery and equipment	15,541,407	593,638	-	16,135,045
Infrastructure	47,024,338	1,109,818	-	48,134,156
Total capital assets, being depreciated	112,030,985	1,765,561	-	113,796,546
Total capital assets	166,141,049	3,497,973	1,170,177	168,468,845

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

D. Capital Assets (continued)

	Beginning Balance July 1, 2017	Increases	Decreases	Ending Balance June 30, 2018
<u>Less accumulated depreciation:</u>				
Buildings	\$23,393,483	\$ 915,929	\$ -	\$ 24,309,412
Intangible assets	52,700	3,650	-	56,350
Improvements other than buildings	87,602	6,606	-	94,208
Machinery and equipment	6,601,814	877,734	-	7,479,548
Infrastructure	8,524,602	536,303	-	9,060,905
Total accumulated depreciation and amortization	<u>38,660,201</u>	<u>2,340,222</u>	<u>-</u>	<u>41,000,423</u>
Total capital assets, being depreciated, net	<u>73,370,784</u>	<u>(574,661)</u>	<u>-</u>	<u>72,796,123</u>
Capital assets, net	<u>\$127,480,848</u>	<u>\$1,157,751</u>	<u>\$1,170,177</u>	<u>\$127,468,422</u>

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

General government	\$ 19,394
Public safety	250,950
Public works and utilities	1,090,954
Civic and human services	3,432
Culture and recreation	106,506
Regulatory	3,458
Education	<u>865,528</u>
Total depreciation expense	<u>\$ 2,340,222</u>

Construction commitments

At year end, the Town's commitments with contractors totaled \$725,000 for the Town Hall Project.

E. Interfund accounts

1. Interfund payables and receivables

A summary of interfund balances is as follows:

Major funds:	Corresponding Fund	Due From	Due To
General fund:			
Miscellaneous grants	N/A	\$ -	\$ 194,457
Debt service	N/A	161,609	-
Public safety	N/A	882	-
Community development	N/A	84,642	-
Culture and recreation	N/A	21,674	-
Cafeteria	N/A	73,286	-
Education grant	N/A	286,649	-
Capital reserve	N/A	-	393
Capital initiatives	N/A	-	1,097,432
WPCA joint facilities	N/A	223,231	-
WPCA operating	N/A	-	35,288
Volunteer Firemen	N/A	619	-
Total General fund		<u>852,592</u>	<u>1,327,570</u>

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

1. Interfund payables and receivables (continued)

	Corresponding <u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Capital initiatives:			
Public works	N/A	\$ -	\$ 143,451
Capital reserve	N/A	-	1,333,783
General fund	N/A	<u>1,097,432</u>	-
Total Capital initiatives		<u>1,097,432</u>	<u>1,477,234</u>
Capital reserve:			
Capital initiatives	N/A	1,333,783	-
General fund	N/A	<u>393</u>	-
Total Capital reserve		<u>1,334,176</u>	-
<u>Other governmental funds:</u>			
Miscellaneous grants	General fund	194,457	-
Cafeteria	General fund	-	73,286
Education grant	General fund	-	286,649
Culture and recreation	General fund	-	21,674
Community development	General fund	-	84,642
WPCA operating	General fund	35,288	-
WPCA joint facilities	General fund	-	223,231
Public works	Capital Initiatives	143,451	-
Debt service	General fund	-	161,609
Public safety	General fund	-	882
Debt service	Board of education Retiree Benefits	<u>-</u>	<u>206,043</u>
Total Other governmental funds		<u>373,196</u>	<u>1,058,016</u>
<u>Internal service funds:</u>			
Board of education retiree benefits	Debt Service	<u>206,043</u>	-
<u>Fiduciary funds:</u>			
Volunteer firemen		<u>-</u>	<u>619</u>
Total		<u>\$3,863,439</u>	<u>\$3,863,439</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
For the Year Ended June 30, 2018

2. Interfund transfers

A summary of interfund transfers is as follows:

	Corresponding Fund	Transfers In	Transfers Out
<u>Major funds:</u>			
General fund:			
Culture and recreation	N/A	\$ 7,183	\$ -
Capital reserve fund	N/A	104,608	1,348,000
Debt service fund	N/A	-	37,500
Total general fund		111,791	1,385,500
Capital reserve fund	General fund	1,348,000	104,608
<u>Nonmajor funds:</u>			
Special revenue funds:			
Culture and recreation	General fund	-	7,183
Debt service fund	General fund	37,500	-
Total		\$1,497,291	\$1,497,291

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

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, 2017	Additions	Deductions	Permanently Financed	Balance June 30, 2018
High school renovation project	\$ 300,000	\$ 1,675,000	\$ 300,000	\$ -	\$ 1,675,000

In September 2018, the Town issued \$12,675,000 of bond anticipation notes that mature in September 2019 and carry a coupon interest rate of 2.75% and a true interest cost of 1.9237%.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

G. Changes in long-term obligations

1. Summary of changes

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Current Portion
<u>Bonds:</u>									
General obligation	\$ 2,345,000	08/15/02	08/15/17	3.00%-4.125%	\$ 125,000	\$ -	\$ 125,000	\$ -	\$ -
General obligation	3,175,000	02/01/06	02/01/21	3.40%-5.0%	600,000	-	150,000	450,000	150,000
General obligation	2,985,000	04/15/09	07/15/28	2.50%-4.50%	1,865,000	-	160,000	1,705,000	155,000
General obligation	3,885,000	02/14/14	08/15/33	2.00%-4.00%	3,255,000	-	210,000	3,045,000	210,000
General obligation	21,225,000	12/15/15	07/15/35	2.00%-4.00%	20,165,000	-	1,060,000	19,105,000	1,060,000
General obligation	6,700,000	09/14/17	09/01/37	2.00%-5.00%	6,700,000	405,000	-	7,105,000	510,000
Total bonds					32,710,000	405,000	1,705,000	31,410,000	2,085,000
<u>Clean water notes:</u>									
Sewer 480C	503,694	06/30/02	12/31/21	2.0%	130,260	-	27,943	102,317	28,507
Total bonds/notes					32,840,260	405,000	1,732,943	31,512,317	2,113,507
Premiums					1,008,544	460,443	81,169	1,387,818	-
Total bonds/notes and related liabilities					33,848,804	865,443	1,814,112	32,900,135	2,113,507
Capital lease payable					922,978	109,887	251,430	781,435	251,726
Compensated absences					1,290,587	719,894	487,468	1,523,013	144,220
Net pension liability					9,876,135	2,938,091	3,541,281	9,272,945	-
OPEB liability					3,775,344	330,506	258,929	3,846,921	-
Environmental obligation					400,000	-	-	400,000	200,000
Total long-term obligations					<u>\$ 50,113,848</u>	<u>\$ 4,963,821</u>	<u>\$ 6,353,220</u>	<u>\$ 48,724,449</u>	<u>\$ 2,709,453</u>

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
For the Year Ended June 30, 2018

1. Summary of changes (continued)

The following is a summary of bond and note maturities:

Fiscal Year Ended June 30,	Note Principal	Bond Principal	Total Interest
2019	\$ 28,507	\$ 2,085,000	\$ 1,021,549
2020	29,082	2,080,000	950,841
2021	29,669	2,080,000	874,735
2022	15,059	1,930,000	793,102
2023	-	1,925,000	714,432
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
	<u>\$ 102,317</u>	<u>\$31,410,000</u>	<u>\$ 8,535,745</u>

2. Statutory debt limitations

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 75,616,630	\$ 6,022,000	\$ 69,594,630
Schools	151,233,260	27,063,000	124,170,260
Sewers	126,027,716	102,317	125,925,399
Urban renewal	109,224,021	-	109,224,021
Pension deficit	100,822,173	-	100,822,173

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$235,251,737.

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
For the Year Ended June 30, 2018**3. Authorized/unissued bonds**

The amount of authorized, unissued bonds is as follows:

Purpose of Bonds

General purpose:

Ambulance facility	\$ 18,500
Water system initial water supply plan	866,000
Capital improvements 2004-2005	454,400
Land purchase	7,100
Pine Brook culvert replacement	400,000

Schools:

High school athletic facilities improvements	2,000
Memorial school roof and oil tank	613,350
High school renovation	1,765,582
Fuel Island	<u>475,000</u>

Total	<u>\$ 4,601,932</u>
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4. Capital leases

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

Vehicles and equipment totaling \$457,742, net of accumulated depreciation of \$36,474, are recorded under the capital lease. This year, \$20,265 was included in depreciation expense.

Assets related to the lease for building improvements totaled \$534,598, net of accumulated depreciation of \$42,768, are recorded under capital leases. This year, \$21,564 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>	
2019	\$ 268,209
2020	268,209
2021	175,463
2022	53,344
2023	53,344
Less amount representing interest	<u>(37,134)</u>
Present value of minimum lease payments	<u>\$ 781,435</u>

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018****5. Environmental cleanup**

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 \$400,000.

The estimate is subject to change due to price changes, technology changes or other changes. The pollution remediation liability does not reflect any recovery of outlays because the Town does not anticipate that it will be able to recover remediation costs from other parties.

6. Early retirement

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

H. Restricted net position

The amount of restricted net position, which is restricted by enabling legislation, totaled \$1,083,380.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

I. Fund balance classifications

Fund Balance Component	General Fund	Capital Initiatives	Capital Reserve	Nonmajor Funds	Total
<u>Nonspendable:</u>					
Community Development	\$ -	\$ -	\$ -	\$ 208,857	\$ 208,857
Library	-	-	-	15,500	15,500
Total nonspendable	-	-	-	224,357	224,357
<u>Restricted:</u>					
Public works:					
Sewer facility operations	-	-	-	252,832	252,832
Sewer operations	-	-	-	879,762	879,762
Water operations	-	-	-	151,967	151,967
Community development programs	-	-	-	6,541	6,541
Library	-	-	-	53,305	53,305
Food services program	-	-	-	51,651	51,651
Total restricted	-	-	-	1,396,058	1,396,058
<u>Committed:</u>					
Civic and human service programs	-	-	-	72,820	72,820
Public works projects	-	-	-	156,729	156,729
Public safety:					
Police	-	-	-	42,516	42,516
Culture and recreation programs	-	-	-	134,635	134,635
Education grant programs	-	-	-	211,417	211,417
Construction contracts	-	185,645	2,149,532	1,716,588	4,051,765
Total committed	-	185,645	2,149,532	2,334,705	4,669,882
<u>Unassigned</u>	5,435,624	-	-	(8,166)	5,427,458
Total	\$ 5,435,624	\$ 185,645	\$ 2,149,532	\$ 3,946,954	\$ 11,717,755

The Town ended the year with a deficit fund balance in the Debt Service Fund of \$8,166. The Town plans to address this deficit through the a general fund transfer to the fund in the subsequent year.

Town of East Hampton, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2018****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.

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.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

C. Pension plans

1. Plan description

Plan administration

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

Plan membership

At July 1, 2016, pension plan membership consisted of the following:

Active plan members	146
Terminated vested plan members	103
Plan members in pay status	<u>121</u>
Total	<u>370</u>

2. Benefit provisions

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

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

2. Benefit provisions (continued)

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

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

3. Contributions

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

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

The average active member contribution rate was 5.5% of annual base compensation, and the Town's average contribution rate was 14.3% of annual payroll.

4. Investments

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

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

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**5. Concentrations**

The Town places no limit on the amount the Town may invest in any one issuer. At fiscal year end, the Town had 5.22% of the Town's total pension plan investments invested in a real estate limited partnership.

6. Rate of return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

7. Net pension liability

The components of the net pension liability at June 30, 2018, were as follows:

Total pension liability	\$ 40,410,373
Plan fiduciary net position	<u>31,137,428</u>
Net pension liability	<u>\$ 9,272,945</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77.05%</u>

8. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Amortization method	Level percent, closed
Inflation	2.75%
Salary increase	2.75-4.25%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Combined Healthy Mortality with generational projection per Scale AA
Post-retirement increases	Ad hoc (none for 2017)

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**8. Actuarial assumptions (continued)**

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 summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. core fixed income	2.65%
U.S. inflation-indexed bonds	1.81%
Broad U.S. equities	4.86%
Developed foreign equities	5.23%
Real estate (REITS)	3.85%

The weighted average expected rate of return is 3.99%.

9. Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

10. Changes in the net pension liability

The Town's net pension liability was measured at June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2017	\$ 39,546,488	\$ 29,670,353	\$ 9,876,135
Service cost	760,805	-	760,805
Interest	2,750,141	-	2,750,141
Differences between expected and actual experience	(572,855)	-	(572,855)
Contributions - employer	-	1,148,318	(1,148,318)
Contributions - member	-	374,910	(374,910)
Net investment income	-	2,090,823	(2,090,823)
Benefit payments, including refunds of member contributions	(2,074,206)	(2,074,206)	-
Administrative expenses	-	(72,770)	72,770
Net change	863,885	1,467,075	(603,190)
Balance at June 30, 2018	<u>\$ 40,410,373</u>	<u>\$ 31,137,428</u>	<u>\$ 9,272,945</u>

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

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 13,897,817	\$ 9,272,945	\$ 5,496,273

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**12. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions**

During the year, the Town recognized pension expense of \$2,014,499. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 386,062	\$ (393,838)
Changes in assumptions	92,207	-
Net difference between projected and actual earnings on pension plan investments	<u>289,467</u>	<u>-</u>
Total	<u>\$ 767,736</u>	<u>\$ (393,838)</u>
Net amount of deferred inflows and outflows		<u>\$ 373,898</u>

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

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

<u>Year Ending June 30,</u>	
2019	\$ 629,210
2020	24,620
2021	(282,872)
2022	<u>2,940</u>
Total	<u>\$ 373,898</u>

13. Defined contribution retirement savings plan

As of September 2013, Town employees and certain Board of Education employees not covered by the Town's defined benefit plan are eligible to participate in the East Hampton Money Purchase Plan administered by the Town. Town Council has the authority to establish and amend the plan. There were 46 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 \$100,373 and employee contributions totaled \$110,317.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**D. Pension plans - Connecticut State Teachers' Retirement Plan****1. Plan description**

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

2. Benefit provisions

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

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

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

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

3. ContributionsState of Connecticut

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

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

3. Contributions (continued)

Employer (School Districts)

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

Employees

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

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>48,810,812</u>
Total	<u>\$ 48,810,812</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Town has no proportionate share of the net pension liability.

The Town recognized pension expense and revenue of \$5,645,985 for on-behalf amounts for the benefits provided by the State.

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, average, 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.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

5. Actuarial assumptions (continued)

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

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

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

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

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, 2017.

E. Other post-employment benefit plan

1. Plan description

The Town administers one single-employer, post retirement healthcare plan for the Board of Education for the Town of East Hampton Other Post-Employment Benefit ("OPEB"). The Board of Education plan provides medical and dental benefits to eligible retirees and their spouses. The plan does not issue stand-alone financial reports. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

2. Classes of employees covered

The plan's membership consisted of:

	<u>Board of Education</u>
Retirees and beneficiaries currently receiving benefits	15
Active plan members	<u>169</u>
Total	<u><u>184</u></u>

3. Benefit provisions and contributions

a. Benefit provisions

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

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

3. Benefit provisions and contributions (continued)

b. 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.

c. Employee contributions

There are no employee contributions to the plan.

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

4. OPEB Liability

The Town's OPEB liability of \$3,846,921 was measured as of June 30, 2018, and was determined by an actuarial valuation as July 1, 2017.

5. Actuarial methods and other inputs

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:

Valuation date	July 1, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent
Remaining amortization period	24 Years Closed
<u>Actuarial Assumptions:</u>	
Discount rate	3.87%
Healthcare inflation rate:	
Initial	5.70%
Ultimate	4.50%
Inflation rate	2.75%
Mortality rate	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 improvement 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.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

6. Change in the OPEB Liability

OPEB liability - July 1, 2017	<u>\$ 3,775,344</u>
Service cost	191,004
Interest	139,502
Changes of assumptions	(118,421)
Benefit payments	<u>(140,508)</u>
Net Change	<u>71,577</u>
OPEB liability - June 30, 2018	<u>\$ 3,846,921</u>

7. 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 (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

<u>OPEB Liability</u>	<u>1% Decrease 2.87%</u>	<u>Discount Rate 3.87%</u>	<u>1% Increase 4.87%</u>
Education plan	<u>\$ 4,273,237</u>	<u>\$ 3,846,921</u>	<u>\$ 3,468,654</u>

8. 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:

<u>OPEB Liability</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Education plan	<u>\$ 3,325,692</u>	<u>\$ 3,846,921</u>	<u>\$ 4,475,874</u>

9. 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 inflows of resources related to OPEB from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	<u>\$ (107,848)</u>

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018**9. OPEB Expense and Deferred Outflows of Resources Related to OPEB (continued)**

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

Year Ending June 30,	
2019	\$ (10,573)
2020	(10,573)
2021	(10,573)
2022	(10,573)
2023	(10,573)
Thereafter	<u>(54,983)</u>
Total	<u>\$ (107,848)</u>

Changes in assumptions are amortized over 11.2 years.

F. OPEB Plan - Connecticut State Teachers' 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 10-183 (t) 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.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. OPEB Plan - Connecticut State Teachers' Retiree Health Insurance Plan (Continued)

2. **Benefit Provisions (continued)**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.

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). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

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.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. OPEB Plan - Connecticut State Teachers' Retiree Health Insurance Plan (Continued)

3. **Contributions**

State of Connecticut

Per Connecticut General Statutes Section 10-183t, 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. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

4. **OPEB Liabilities, OPEB Expense, and 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's proportionate share of the net OPEB liability associated with the Town	<u>12,563,334</u>
Total	<u>\$ 12,563,334</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The Town has no proportionate share of the net OPEB liability.

The Town recognized OPEB expense and revenue of \$582,248 for on-behalf amounts for the benefits provided by the State.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. OPEB Plan - Connecticut State Teachers' Retiree Health Insurance Plan (Continued)

5. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

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 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.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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 weighting 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 2.75%.

Changes from Prior Valuation

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.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

F. OPEB Plan - Connecticut State Teachers' Retiree Health Insurance Plan (Continued)

Changes from Prior Valuation (continued)

- The discount rate has been increased from 3.01% to 3.56% 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.

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.

6. *Discount Rate*

The discount rate used to measure the total OPEB liability was 3.56%. 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 Healthcare 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, 2017.

Town of East Hampton, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2018

G. Prior Period Adjustments

The government-wide net position was restated as follows due to the implementation of GASB Statement 75 and GASB 84:

	Government - Wide	Other Governmental Funds	Custodial Funds
Net position/Fund balance as previously reported at June 30, 2017	\$ 94,849,900	\$ 4,088,866	\$ -
To remove unavailable revenue for small cities loans	208,857	208,857	-
To present custodial funds in accordance with new reporting standard (GASB 84)	-	-	1,554,399
To remove net OPEB obligation previously recorded	2,203,971	-	-
To record beginning OPEB liability	(3,775,344)	-	-
Net position/Fund balance as restated at July 1, 2017	<u>\$ 93,487,384</u>	<u>\$ 4,297,723</u>	<u>\$ 1,554,399</u>

**Required
Supplementary
Information**

Town of East Hampton, Connecticut

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Revenues:					
Property taxes	\$ 35,187,842	\$ -	\$ 35,187,842	\$ 36,935,812	\$ 1,747,970
Intergovernmental	8,390,214	-	8,390,214	7,090,855	(1,299,359)
Charges for services	547,655	-	547,655	624,993	77,338
Investment income	22,500	-	22,500	53,065	30,565
Other	7,900	-	7,900	2,704	(5,196)
Total revenues	44,156,111	-	44,156,111	44,707,429	551,318
Expenditures:					
Current:					
General government	4,254,851	(68,891)	4,185,960	4,110,808	75,152
Public safety	2,476,505	44,841	2,521,346	2,494,391	26,955
Public works	2,130,171	11,600	2,141,771	2,101,978	39,793
Regulatory	358,848	-	358,848	352,768	6,080
Health and human services	422,727	-	422,727	406,943	15,784
Culture and recreation	964,805	12,450	977,255	972,764	4,491
Education	30,047,971	-	30,047,971	30,046,400	1,571
Debt service	2,789,341	-	2,789,341	2,775,513	13,828
Total expenditures	43,445,219	-	43,445,219	43,261,565	183,654
Excess (deficiency) of revenues over expenditures	710,892	-	710,892	1,445,864	734,972
Other financing sources (uses):					
Appropriation of fund balance	-	570,000	570,000	-	(570,000)
Transfers in	104,608	-	104,608	111,791	7,183
Transfers out	(815,500)	(570,000)	(1,385,500)	(1,385,500)	-
Net other financing sources (uses)	(710,892)	-	(710,892)	(1,273,709)	(562,817)
Net change in fund balance	\$ -	\$ -	\$ -	172,155	\$ 172,155
Fund balance - July 1, 2017				5,263,469	
Fund balance - June 30, 2018				<u>\$ 5,435,624</u>	

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

Town of East Hampton, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For The Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance With Final Budget
	Original	Additional Appropriations and Transfers	Final		
Property Taxes:					
Current taxes	\$ 34,086,842	\$ -	\$ 34,086,842	\$ 34,711,524	\$ 624,682
Back taxes	490,000	-	490,000	1,091,021	601,021
Telephone access share line	27,500	-	27,500	21,185	(6,315)
Supplemental motor vehicles	300,000	-	300,000	387,916	87,916
Housing Authority reimbursement	15,000	-	15,000	20,798	5,798
Interest	265,000	-	265,000	695,520	430,520
Liens	3,500	-	3,500	7,848	4,348
Total property taxes	35,187,842	-	35,187,842	36,935,812	1,747,970
Intergovernmental:					
General government:					
Town aid road	319,904	-	319,904	320,454	550
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	15,507	(404)
State-owned property	49,068	-	49,068	17,589	(31,479)
Disability tax relief	1,100	-	1,100	1,293	193
Veterans' exemption	4,250	-	4,250	4,412	162
Mashantucket Pequot/Mohegan grant	41,883	-	41,883	40,629	(1,254)
Other Federal & State grants	263,149	-	263,149	92,459	(170,690)
Total general government	759,208	-	759,208	511,286	(247,922)
Education:					
Education cost sharing	7,613,630	-	7,613,630	6,563,289	(1,050,341)
Adult education	17,376	-	17,376	16,280	(1,096)
Total education	7,631,006	-	7,631,006	6,579,569	(1,051,437)
Total intergovernmental	8,390,214	-	8,390,214	7,090,855	(1,299,359)

(Continued)

Town of East Hampton, Connecticut

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For The Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance With Final Budget
	Original	Additional Appropriations and Transfers	Final		
Charges for Services:					
Finance Department	\$ 27,505	\$ -	\$ 27,505	\$ 24,659	\$ (2,846)
Assessor Department	875	-	875	610	(265)
Animal control	-	-	-	10	10
Police Department	8,300	-	8,300	8,632	332
Town Clerk	245,750	-	245,750	282,191	36,441
Planning, zoning and buildings	176,300	-	176,300	193,648	17,348
Transfer station fees/stickers	39,800	-	39,800	67,023	27,223
Lease of Town property	32,850	-	32,850	32,851	1
Sears Park rent	975	-	975	1,375	400
Library	12,000	-	12,000	8,663	(3,337)
Community room rental	150	-	150	419	269
Sears Park stickers	3,000	-	3,000	4,062	1,062
Blasting permits	100	-	100	180	80
Public Works	50	-	50	670	620
Total charges for services	547,655	-	547,655	624,993	77,338
Investment income	22,500	-	22,500	53,065	30,565
Other:					
Collector of Revenue	400	-	400	2,390	1,990
Parks & Recreation	2,250	-	2,250	164	(2,086)
CRRA recycling rebate	5,000	-	5,000	-	(5,000)
Middle Haddam Historic District	250	-	250	150	(100)
Total miscellaneous	7,900	-	7,900	2,704	(5,196)
Total Revenues	44,156,111	-	44,156,111	44,707,429	551,318
Other Financing Sources:					
Appropriation of fund balance	-	570,000	570,000	-	(570,000)
Transfers in:					
Capital reserve fund	104,608	-	104,608	104,608	-
East Hampton 250	-	-	-	7,183	7,183
Total other financing sources	104,608	570,000	674,608	111,791	(562,817)
Total Revenues and Other Financing Sources	\$ 44,260,719	\$ 570,000	\$ 44,830,719	\$ 44,819,220	\$ (11,499)

(Concluded)

Town of East Hampton, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For The Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance With Final Budget
	Original	Additional Appropriations and Transfers	Final		
General Government:					
Town Manager's Department	\$ 326,079	\$ 21,834	\$ 347,913	\$ 347,909	\$ 4
Council special programs	24,073	5,150	29,223	29,214	9
Legal defense/fees	127,000	25,030	152,030	152,025	5
Town Hall and Annex	254,727	-	254,727	250,767	3,960
Finance and Accounting	432,445	3,887	436,332	436,008	324
Collector of Revenue	165,834	-	165,834	155,341	10,493
Assessor's Office	174,048	-	174,048	160,876	13,172
Town Clerk's office	156,941	-	156,941	156,777	164
Registrars/elections	48,671	-	48,671	35,077	13,594
General insurance	476,009	(69,645)	406,364	378,903	27,461
Probate court	16,244	-	16,244	16,244	-
Employee benefits	1,829,300	(36,131)	1,793,169	1,787,246	5,923
Information technology	103,480	984	104,464	104,421	43
Contingency	20,000	(20,000)	-	-	-
CNG community contribution	100,000	-	100,000	100,000	-
Total general government	4,254,851	(68,891)	4,185,960	4,110,808	75,152
Public Safety:					
Police administration	321,577	3,028	324,605	324,603	2
Police regular patrol	1,475,068	21,043	1,496,111	1,496,109	2
Lake patrol	1,723	-	1,723	924	799
Animal Control	46,620	-	46,620	45,850	770
Firefighting	262,884	-	262,884	262,884	-
Fire Marshal	48,107	-	48,107	47,971	136
Town center fire system	8,050	20,770	28,820	28,816	4
Ambulance association	16,500	-	16,500	15,301	1,199
Civil Preparedness	15,901	-	15,901	15,881	20
Communications	220,075	-	220,075	200,686	19,389
Street lighting	60,000	-	60,000	55,366	4,634
Total public safety	2,476,505	44,841	2,521,346	2,494,391	26,955
Public Works:					
Public Works	1,358,165	2,000	1,360,165	1,344,551	15,614
Engineering	50,000	-	50,000	49,996	4
Town Garage	76,428	-	76,428	55,079	21,349
Townwide motor fuel	134,245	-	134,245	133,425	820
Road materials	355,925	-	355,925	353,964	1,961
Transfer station	152,808	9,600	162,408	162,407	1
Septage disposal	2,600	-	2,600	2,556	44
Total public works	2,130,171	11,600	2,141,771	2,101,978	39,793
Regulatory:					
Planning, zoning and buildings	330,367	-	330,367	327,068	3,299
Economic development commission	4,527	-	4,527	4,229	298
Conservation and lake commission	21,677	-	21,677	20,477	1,200
Redevelopment agency	1,477	-	1,477	616	861
Middle Haddam Historic District	800	-	800	378	422
Total regulatory	358,848	-	358,848	352,768	6,080

(Continued)

Town of East Hampton, Connecticut

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For The Year Ended June 30, 2018

	Budgeted Amounts			Actual	Variance With Final Budget
	Original	Additional Appropriations and Transfers	Final		
Health and Human Services:					
Chatham Health District	\$ 138,569	\$ -	\$ 138,569	\$ 138,481	\$ 88
Human Services	92,326	-	92,326	88,588	3,738
Senior Center	127,507	-	127,507	117,330	10,177
Transportation	52,600	-	52,600	52,600	-
Cemetery care	5,000	-	5,000	4,928	72
Commission on Aging	1,000	-	1,000	401	599
Community Services	5,725	-	5,725	4,615	1,110
Total health and human services	422,727	-	422,727	406,943	15,784
Culture and Recreation:					
Park and recreation	377,289	1,360	378,649	377,501	1,148
Arts & cultural commission	1,585	-	1,585	1,466	119
Community Center	147,958	11,090	159,048	159,046	2
Library	422,973	-	422,973	419,751	3,222
Middle Haddam Library	15,000	-	15,000	15,000	-
Total culture and recreation	964,805	12,450	977,255	972,764	4,491
Education	30,047,971	-	30,047,971	30,046,400	1,571
Debt Service	2,789,341	-	2,789,341	2,775,513	13,828
Total Expenditures	43,445,219	-	43,445,219	43,261,565	183,654
Other Financing Uses:					
Transfers out:					
Capital Reserve Fund	778,000	570,000	1,348,000	1,348,000	-
Debt Service	37,500	-	37,500	37,500	-
Total other financing uses	815,500	570,000	1,385,500	1,385,500	-
Total Expenditures and Other Financing Uses	\$ 44,260,719	\$ 570,000	\$ 44,830,719	\$ 44,647,065	\$ 183,654

Reconciliation to Exhibit D

	Revenues	Expenditures
Budgetary Basis - RSI-1	\$ 44,707,429	\$ 43,261,565
State Teachers' Retirement on behalf amount	5,645,985	5,645,985
State Teachers' OPEB on behalf amount	582,248	582,248
GAAP Basis - Exhibit D	\$ 50,935,662	\$ 49,489,798

Notes to Required Supplementary Information: This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teacher's pension and OPEB by the State of Connecticut on the Town's behalf.

(Concluded)

Town of East Hampton, Connecticut

General Fund
Board of Education
Schedule of Expenditures Compared with Appropriations
For The Year Ended June 30, 2018

	Original Appropriation	Additional Appropriations and Transfers	Final Appropriation	Expenditures	Variance with Final Budget
Certified salaries	\$ 15,456,335	\$ -	\$ 15,456,335	\$ 15,602,950	\$ (146,615)
Classified salaries	4,120,000	-	4,120,000	4,068,666	51,334
Employee benefits:					
Medical and dental	4,457,000	-	4,457,000	4,208,572	248,428
Unemployment compensation	12,500	-	12,500	24,513	(12,013)
Social Security	264,435	-	264,435	257,005	7,430
Medicare	260,500	-	260,500	265,952	(5,452)
Pension	428,000	-	428,000	405,899	22,101
DC plan contribution	42,000	-	42,000	51,206	(9,206)
Workers' compensation	164,487	-	164,487	166,407	(1,920)
Life insurance	44,400	-	44,400	46,615	(2,215)
Other	8,000	-	8,000	(531)	8,531
Tuition	829,139	-	829,139	933,847	(104,708)
Pupil transportation	1,201,250	-	1,201,250	1,285,661	(84,411)
Other transportation	23,004	-	23,004	5,820	17,184
Computer consulting services	206,000	-	206,000	183,736	22,264
Meetings and conferences	25,000	-	25,000	12,960	12,040
Professional/technical services	690,000	-	690,000	675,966	14,034
Public utilities	53,600	-	53,600	53,280	320
Building, equipment maintenance and repairs	160,232	-	160,232	233,025	(72,793)
Heating, ventilation maintenance and repairs	40,000	-	40,000	51,070	(11,070)
Security system maintenance and repairs	2,500	-	2,500	46,671	(44,171)
Vehicle maintenance and repairs	500	-	500	3,342	(2,842)
Supplies, materials and minor equipment	320,000	-	320,000	281,491	38,509
Fire protection	24,500	-	24,500	-	24,500
Refuse removal	28,000	-	28,000	26,510	1,490
Water and underground tank testing	5,000	-	5,000	-	5,000
Pest control	6,000	-	6,000	9,555	(3,555)
Tile and carpet replacement	5,000	-	5,000	-	5,000
Equipment rental	99,884	-	99,884	85,464	14,420
Property and liability insurance	128,895	-	128,895	130,952	(2,057)
Staff travel	12,000	-	12,000	6,343	5,657
Communications	68,400	-	68,400	71,677	(3,277)
Newspaper advertising	2,500	-	2,500	2,525	(25)
Printing and binding	11,100	-	11,100	10,991	109
Other purchased services	27,500	-	27,500	29,789	(2,289)
Heating oil	3,000	-	3,000	2,272	728
Natural gas	137,000	-	137,000	140,324	(3,324)
Motor fuel	126,000	-	126,000	123,101	2,899
Electricity	360,000	-	360,000	428,578	(68,578)
Bottled gas	150	-	150	-	150
Textbooks	28,160	-	28,160	10,000	18,160
Library books/periodicals	25,000	-	25,000	16,226	8,774
Other supplies and materials	38,000	-	38,000	34,221	3,779
Dues and fees	78,000	-	78,000	53,749	24,251
Equipment	25,000	-	25,000	-	25,000
Total expenditures - Schedule 2	\$ 30,047,971	\$ -	\$ 30,047,971	\$ 30,046,400	\$ 1,571

Town of East Hampton, Connecticut

Retirement Income Plan

Required Supplementary Information
Last Five Years (1)Schedule of Changes in Net Pension Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 760,805	\$ 778,005	\$ 805,799	\$ 763,446	\$ 819,627
Interest	2,750,141	2,616,836	2,516,844	2,337,307	2,242,374
Differences between expected and actual experience	(572,855)	-	831,035	302,268	-
Changes in assumptions	-	555,753	487,376	456,503	-
Benefit payments, including refunds of member contributions	<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	863,885	1,965,217	2,889,698	2,265,330	1,596,798
Total pension liability - July 1	<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>\$ 40,410,373</u>	<u>\$ 39,546,488</u>	<u>\$ 37,581,271</u>	<u>\$ 34,691,573</u>	<u>\$ 32,426,243</u>
Plan fiduciary net position:					
Contributions - employer	\$ 1,148,318	\$ 1,026,712	\$ 960,000	\$ 982,321	\$ 953,000
Contributions - member	374,910	398,344	421,156	419,210	413,838
Net investment income	2,090,823	3,127,767	11,189	653,723	3,455,656
Benefit payments, including refunds of member contributions	(2,074,206)	(1,985,377)	(1,751,356)	(1,594,194)	(1,465,203)
Administration expenses	<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	1,467,075	2,542,729	(416,563)	413,011	3,305,168
Plan fiduciary net position - July 1	<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>\$ 31,137,428</u>	<u>\$ 29,670,353</u>	<u>\$ 27,127,624</u>	<u>\$ 27,544,187</u>	<u>\$ 27,131,176</u>
Net pension liability (asset) - June 30 (a)-(b)	<u>\$ 9,272,945</u>	<u>\$ 9,876,135</u>	<u>\$ 10,453,647</u>	<u>\$ 7,147,386</u>	<u>\$ 5,295,067</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

Retirement Income Plan

Required Supplementary Information
Last Five Years (1)Schedule of Net Pension Liability

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 40,410,373	\$ 39,546,488	\$ 37,581,271	\$ 34,691,573	\$ 32,426,243
Plan fiduciary net position	<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>
Net pension liability	<u>\$ 9,272,945</u>	<u>\$ 9,876,135</u>	<u>\$ 10,453,647</u>	<u>\$ 7,147,386</u>	<u>\$ 5,295,067</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77.05%</u>	<u>75.03%</u>	<u>72.18%</u>	<u>79.40%</u>	<u>83.67%</u>
Covered payroll	<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>131.89%</u>	<u>137.60%</u>	<u>145.13%</u>	<u>97.90%</u>	<u>69.47%</u>

Schedule of Investment Returns

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money weighted rate of return, net investment expense	<u>6.89%</u>	<u>11.51%</u>	<u>(.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

Town of East Hampton Retirement Income Plan

Required Supplementary Information
Last Ten YearsSchedule of Contributions

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2018	\$ 1,115,081	\$ 1,148,318	\$ 33,237	\$ 7,030,552	16.33%
2017	1,020,204	1,026,712	6,508	7,177,458	14.30%
2016	957,490	960,000	2,510	7,202,832	13.33%
2015	980,548	982,321	1,773	7,300,421	13.46%
2014	952,198	953,000	802	7,621,801	12.50%
2013	815,329	829,183	13,854	7,372,236	11.25%
2012	749,829	809,304	59,475	7,317,009	11.06%
2011	787,261	847,761	60,500	6,613,882	12.82%
2010	765,583	771,832	6,249	6,674,011	11.56%
2009	595,784	717,193	121,409	6,417,318	11.18%

Town of East Hampton, Connecticut

Retirement Income Plan

**Notes to Required Supplementary Information
Schedule of Contributions
Last Five Years (1)**

Changes of Benefit Terms	None
Changes of Assumptions	<p>2017: The discount rate was changed from 7.125% to 7.00%.</p> <p>2016: The discount rate was changed from 7.25% to 7.125%.</p> <p>2015: The discount rate was changed from 7.50% to 7.25%.</p>
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2015 two years prior to the end of the fiscal year in which contributions are reported.

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair value
Amortization Method	Level percent, closed
Inflation	2.75%
Salary Increases	Age based scale ranging from 2.75% for employees over 50 to 4.25% for employees under 26
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA. This assumption includes a the valuation date margin for improvements in longevity beyond the valuation date
Post-retirement increases	Ad Hoc

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

Town of East Hampton, Connecticut

CT State Teachers' Retirement System

Required Supplementary Information
Last Four Years (3)Schedule of Proportionate Share of the Net Pension Liability

	2018	2017	2016	2015
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>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with Town	<u>48,810,812</u>	<u>51,495,781</u>	<u>38,984,952</u>	<u>36,033,775</u>
Total	<u>\$ 48,810,812</u>	<u>\$ 51,495,781</u>	<u>\$ 38,984,952</u>	<u>\$ 36,033,775</u>
Town's covered payroll	<u>N/A</u> (2)	<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>
Plan fiduciary net position as a percentage of the total pension liability	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Schedule of Contributions

	2018	2017	2016	2015
Contractually required contribution	\$ - (1)	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>N/A</u> (2)	<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>

(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

CT State Teachers' Retirement System

**Notes to Required Supplementary Information
Schedule of Contributions
Last Four Years (1)**

Changes of Benefit Terms	None
Changes of Assumptions	2016:
	1. Reduce the inflation assumption from 3.00% to 2.75%.
	2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.5 % to 8.00%.
	3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
	4. Slightly modify the merit portion of the salary scale.
	5. Reduce the payroll growth assumption from 3.75% to 3.25 %.
	6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
	7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
	8. Increase rates of withdrawal.
	9. Decrease rates of disability for males.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	21.4 years
Asset Valuation Method	4 year smoothed market
Inflation	2.75%
Salary Increases	3.25%-6.50%, average, including inflation
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation

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

Town of East Hampton, Connecticut

Other Post-Employment Benefit Plan

Required Supplementary Information
 Schedule of Changes in OPEB Liability
 For the Year Ended June 30, 2018 (1)

OPEB liability:	
Service cost	\$ 191,004
Interest	139,502
Difference between expected and actual experience	-
Changes in assumptions	(118,421)
Benefit payments, including refunds of member contributions	<u>(140,508)</u>
Net change in OPEB liability	71,577
OPEB liability - July 1	<u>3,775,344</u>
OPEB liability - June 30 (a) *	<u><u>\$ 3,846,921</u></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

**CT State Teachers' Retirement Board Retiree Health Insurance Plan
Required Supplementary Information
June 30, 2018 (3)**

Schedule of Proportionate Share of the Net OPEB Liability

Town's proportion of the net OPEB liability		0.00%
Town's proportionate share of the net OPEB liability		\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with Town		12,563,334
Total		\$ 12,563,334
Town's covered payroll	(2)	N/A
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll		0.00%
Plan fiduciary net position as a percentage of the total OPEB liability		1.79%

Schedule of Contributions

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

(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

CT State Teachers' Retirement Board Retiree Health Insurance Plan

Notes to Required Supplementary Information

Schedule of Contributions

June 30, 2018 (1)

Changes of Benefit Terms	None
	2016:
	The discount rate has been lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation
	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
Changes of Assumptions	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 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
Actuarial Cost Method	Entry age
Amortization Method	Level percentage, open
Asset Valuation Method	Fair value
Inflation	2.75%
Healthcare inflation rate - Initial	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation
Investment Rate of Return	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

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

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, 2018

Grand List	Uncollected Taxes July 1, 2017	Current Tax Levy	Lawful Corrections		Transferred To Suspense	Net Amount Collectible	Collections			Uncollected Taxes June 30, 2018
			Additions	Deductions			Taxes	Interest and Liens	Total	
2016	\$ -	\$ 35,648,531	\$ 87,889	\$ 164,211	\$ 7,684	\$ 35,564,525	\$ 35,251,726	\$ 114,373	\$ 35,366,099	\$ 312,799
2015	530,156	-	7,398	16,358	10,139	511,057	369,432	90,907	460,339	141,625
2014	315,528	-	7	4,062	20,360	291,113	190,974	81,134	272,108	100,139
2013	247,037	-	90	1,238	23,605	222,284	158,401	91,725	250,126	63,883
2012	174,060	-	177	4,114	22,068	148,055	115,413	80,193	195,606	32,642
2011	126,679	-	69	3,020	9,108	114,620	93,627	85,405	179,032	20,993
2010	99,487	-	-	3,186	8,715	87,586	69,482	73,619	143,101	18,104
2009	50,951	-	419	2,671	5,219	43,480	38,925	45,810	84,735	4,555
2008	24,220	-	-	2,949	6,087	15,184	12,724	17,979	30,703	2,460
2007	11,300	-	-	1,779	3,241	6,280	5,286	8,895	14,181	994
2006	2,489	-	-	-	1,904	585	533	1,842	2,375	52
2005	2,210	-	-	-	175	2,035	2,035	4,604	6,639	-
	<u>\$ 1,584,117</u>	<u>\$ 35,648,531</u>	<u>\$ 96,049</u>	<u>\$ 203,588</u>	<u>\$ 118,305</u>	<u>\$ 37,006,804</u>	<u>36,308,558</u>	<u>696,486</u>	<u>37,005,044</u>	<u>\$ 698,246</u>
				Suspense collections			21,853		21,853	
				Suspense interest and liens				23,260	23,260	
				Total			<u>\$ 36,330,411</u>	<u>\$ 719,746</u>	<u>\$ 37,050,157</u>	

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Debt Service

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

Capital Projects Funds

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

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

WPCA - acquisition and construction related to the WPCA.

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

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

Permanent Fund

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

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

Town of East Hampton, Connecticut

Other Governmental Funds
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds					
	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	Public Works
<u>Assets</u>						
Cash	\$ -	\$ 43,398	\$ 268,496	\$ 33,105	\$ 269,491	\$ 13,278
Investments	-	-	-	-	-	-
Receivables:						
Assessments and use charges	18,602	-	-	-	-	-
Intergovernmental	-	-	32,128	48,612	91,633	-
Loans	-	-	-	-	-	-
Other	-	-	7,742	35,526	156,225	-
Due from other funds	155,832	-	-	-	-	143,451
Other	-	-	-	9,301	-	-
Total assets	\$ 174,434	\$ 43,398	\$ 308,366	\$ 126,544	\$ 517,349	\$ 156,729
<u>Liabilities</u>						
Accounts payable	\$ 3,865	\$ -	\$ 26,358	\$ 1,607	\$ 19,283	\$ -
Due to other funds	-	882	21,674	73,286	286,649	-
Unearned revenue	-	-	73,373	-	-	-
Total liabilities	3,865	882	121,405	74,893	305,932	-
<u>Deferred Inflows of Resources</u>						
Unavailable revenues:						
Water charges	18,602	-	-	-	-	-
Sewer assessment and use charges	-	-	-	-	-	-
Total deferred inflows of resources	18,602	-	-	-	-	-
<u>Fund Balances</u>						
Nonspendable	-	-	-	-	-	-
Restricted	151,967	-	52,326	51,651	-	-
Committed	-	42,516	134,635	-	211,417	156,729
Unassigned	-	-	-	-	-	-
Total fund balances	151,967	42,516	186,961	51,651	211,417	156,729
Total liabilities, deferred inflows of resources and fund balances	\$ 174,434	\$ 43,398	\$ 308,366	\$ 126,544	\$ 517,349	\$ 156,729

(Continued)

Town of East Hampton, Connecticut

Other Governmental Funds
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds				Total Special Revenue Funds	Debt Service
	Community Development	Miscellaneous Grants	WPCA Joint Facilities	WPCA Operating		
<u>Assets</u>						
Cash	\$ 6,541	\$ 152,670	\$ 500,864	\$ 1,461,681	\$ 2,749,524	\$ 359,486
Investments	-	-	-	-	-	-
Receivables:						
Assessments and use charges	-	-	30,504	227,148	276,254	-
Intergovernmental	84,642	-	-	-	257,015	-
Loans	208,857	-	-	-	208,857	-
Other	-	-	-	19,757	219,250	-
Due from other funds	-	194,457	-	35,288	529,028	-
Other	-	-	-	-	9,301	-
Total assets	\$ 300,040	\$ 347,127	\$ 531,368	\$ 1,743,874	\$ 4,249,229	\$ 359,486
<u>Liabilities</u>						
Accounts payable	\$ -	\$ 21,475	\$ 55,305	\$ 42,452	\$ 170,345	\$ -
Due to other funds	84,642	58,680	223,231	594,512	1,343,556	367,652
Unearned revenue	-	194,152	-	-	267,525	-
Total liabilities	84,642	274,307	278,536	636,964	1,781,426	367,652
<u>Deferred Inflows of Resources</u>						
Unavailable revenues:						
Water charges	-	-	-	-	18,602	-
Sewer assessment and use charges	-	-	-	227,148	227,148	-
Total deferred inflows of resources	-	-	-	227,148	245,750	-
<u>Fund Balances</u>						
Nonspendable	208,857	-	-	-	208,857	-
Restricted	6,541	-	252,832	879,762	1,395,079	-
Committed	-	72,820	-	-	618,117	-
Unassigned	-	-	-	-	-	(8,166)
Total fund balances	215,398	72,820	252,832	879,762	2,222,053	(8,166)
Total liabilities, deferred inflows of resources and fund balances	\$ 300,040	\$ 347,127	\$ 531,368	\$ 1,743,874	\$ 4,249,229	\$ 359,486

(Continued)

Town of East Hampton, Connecticut

Other Governmental Funds
Combining Balance Sheet
June 30, 2018

	Capital Projects Funds				Public Water System	Total Capital Projects Funds	Permanent	Interfund Eliminations	Total Other Governmental Funds
	WPCA Development	WPCA	WPCA Joint Facilities	Library Trust					
<u>Assets</u>									
Cash	\$ -	\$ 917,147	\$ 333,191	\$ -	\$ 1,250,338	\$ -	\$ -	\$ 4,359,348	
Investments	-	-	-	-	-	16,479	-	16,479	
Receivables:									
Assessments and use charges	57,558	-	-	-	57,558	-	-	333,812	
Intergovernmental	-	-	-	-	-	-	-	257,015	
Loans	-	-	-	-	-	-	-	208,857	
Other	-	-	-	-	-	-	-	219,250	
Due from other funds	334,596	104,084	-	58,680	497,360	-	(653,192)	373,196	
Other	-	-	-	-	-	-	-	9,301	
Total assets	\$ 392,154	\$ 1,021,231	\$ 333,191	\$ 58,680	\$ 1,805,256	\$ 16,479	\$ (653,192)	\$ 5,777,258	
<u>Liabilities</u>									
Accounts payable	\$ -	\$ 27,155	\$ -	\$ 3,955	\$ 31,110	\$ -	\$ -	\$ 201,455	
Due to other funds	-	-	-	-	-	-	(653,192)	1,058,016	
Unearned revenue	-	-	-	-	-	-	-	267,525	
Total liabilities	-	27,155	-	3,955	31,110	-	(653,192)	1,526,996	
<u>Deferred Inflows of Resources</u>									
Unavailable revenues:									
Water charges	-	-	-	-	-	-	-	18,602	
Sewer assessment and use charges	57,558	-	-	-	57,558	-	-	284,706	
Total deferred inflows of resources	57,558	-	-	-	57,558	-	-	303,308	
<u>Fund Balances</u>									
Nonspendable	-	-	-	-	-	15,500	-	224,357	
Restricted	-	-	-	-	-	979	-	1,396,058	
Committed	334,596	994,076	333,191	54,725	1,716,588	-	-	2,334,705	
Unassigned	-	-	-	-	-	-	-	(8,166)	
Total fund balances	334,596	994,076	333,191	54,725	1,716,588	16,479	-	3,946,954	
Total liabilities, deferred inflows of resources and fund balances	\$ 392,154	\$ 1,021,231	\$ 333,191	\$ 58,680	\$ 1,805,256	\$ 16,479	\$ (653,192)	\$ 5,777,258	

(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, 2018

	Special Revenue Funds					
	Water System	Public Safety	Culture and Recreation	School Cafeteria	Education Grant	Public Works
Revenues:						
Intergovernmental	\$ -	\$ -	\$ 54,928	\$ 218,358	\$ 1,456,122	\$ -
Charges for services	186,641	167,929	261,941	366,863	271,736	-
Investment income	445	151	20	7	46	838
Contributions and donations	-	25	57,125	-	13,287	-
Total revenues	187,086	168,105	374,014	585,228	1,741,191	838
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	256,718	-	-	-	-
Public works and utilities	143,851	-	-	-	-	-
Culture and recreation	-	-	318,485	-	-	-
Health and human services	-	-	-	-	-	-
Education	-	-	-	632,931	2,048,873	-
Debt service:						
Principal	-	-	-	-	-	-
Total expenditures	143,851	256,718	318,485	632,931	2,048,873	-
Excess (deficiency) of revenues over expenditures	43,235	(88,613)	55,529	(47,703)	(307,682)	838
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(7,183)	-	-	-
Total other financing sources (uses)	-	-	(7,183)	-	-	-
Net change in fund balances	43,235	(88,613)	48,346	(47,703)	(307,682)	838
Fund balances - July 1, 2017 (as restated)	108,732	131,129	138,615	99,354	519,099	155,891
Fund balances - June 30, 2018	\$ 151,967	\$ 42,516	\$ 186,961	\$ 51,651	\$ 211,417	\$ 156,729

(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, 2018

	Special Revenue Funds				Total Special	Debt Service
	Community Development	Miscellaneous Grants	WPCA Joint Facilities	WPCA Operating	Revenue Funds	Debt Service
Revenues:						
Intergovernmental	\$ 84,642	\$ 152,363	\$ -	\$ -	\$ 1,966,413	\$ -
Charges for services	-	56,130	992,330	1,441,165	3,744,735	-
Investment income	13	185	61	3,580	5,346	1,068
Contributions and donations	-	11,015	-	-	81,452	-
Total revenues	84,655	219,693	992,391	1,444,745	5,797,946	1,068
Expenditures:						
Current:						
General government	84,642	6,500	-	-	91,142	-
Public safety	-	-	-	-	256,718	-
Public works and utilities	-	-	877,624	1,182,817	2,204,292	-
Culture and recreation	-	-	-	-	318,485	-
Health and human services	-	192,745	-	-	192,745	-
Education	-	-	-	-	2,681,804	27,721
Debt service:						
Principal	-	-	30,293	-	30,293	-
Total expenditures	84,642	199,245	907,917	1,182,817	5,775,479	27,721
Excess (deficiency) of revenues over expenditures	13	20,448	84,474	261,928	22,467	(26,653)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	37,500
Transfers out	-	-	(206,428)	-	(213,611)	-
Total other financing sources (uses)	-	-	(206,428)	-	(213,611)	37,500
Net change in fund balances	13	20,448	(121,954)	261,928	(191,144)	10,847
Fund balances - July 1, 2017 (as restated)	215,385	52,372	374,786	617,834	2,413,197	(19,013)
Fund balances - June 30, 2018	\$ 215,398	\$ 72,820	\$ 252,832	\$ 879,762	\$ 2,222,053	\$ (8,166)

(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, 2018

	Capital Projects Funds				Total Capital Projects Funds	Permanent	Interfund Eliminations	Total Other Governmental Funds
	WPCA Development	WPCA	WPCA Joint Facilities	Public Water System		Library Trust		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,966,413
Charges for services	35,645	-	-	-	35,645	-	-	3,780,380
Investment income	2,310	4,692	1,116	-	8,118	-	-	14,532
Contributions and donations	-	-	-	-	-	-	-	81,452
Total revenues	37,955	4,692	1,116	-	43,763	-	-	5,842,777
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	91,142
Public safety	-	-	-	-	-	-	-	256,718
Public works and utilities	-	69,229	302,677	48,355	420,261	-	-	2,624,553
Culture and recreation	-	-	-	-	-	402	-	318,887
Health and human services	-	-	-	-	-	-	-	192,745
Education	-	-	-	-	-	-	-	2,709,525
Debt service:								
Principal	-	-	-	-	-	-	-	30,293
Total expenditures	-	69,229	302,677	48,355	420,261	402	-	6,223,863
Excess (deficiency) of revenues over expenditures	37,955	(64,537)	(301,561)	(48,355)	(376,498)	(402)	-	(381,086)
Other financing sources (uses):								
Transfers in	-	-	206,428	-	206,428	-	(206,428)	37,500
Transfers out	-	-	-	-	-	-	206,428	(7,183)
Total other financing sources (uses)	-	-	206,428	-	206,428	-	-	30,317
Net change in fund balances	37,955	(64,537)	(95,133)	(48,355)	(170,070)	(402)	-	(350,769)
Fund balances - July 1, 2017 (as restated)	296,641	1,058,613	428,324	103,080	1,886,658	16,881	-	4,297,723
Fund balances - June 30, 2018	\$ 334,596	\$ 994,076	\$ 333,191	\$ 54,725	\$ 1,716,588	\$ 16,479	\$ -	\$ 3,946,954

(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.

Student Activity Fund

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

Volunteer Fireman Award Fund

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

Town of East Hampton, Connecticut

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2018

	Custodial Funds		
	Student Activity Fund	Volunteer Firemen Award Fund	Total Custodial Funds
<u>Assets</u>			
Cash	\$ 453,434	\$ -	\$ 453,434
Investments:			
Mutual funds:			
Equity	-	1,060,884	1,060,884
U.S. government bonds	-	160,721	160,721
Money market	-	611	611
Total investments	-	1,222,216	1,222,216
Total assets	453,434	1,222,216	1,675,650
<u>Liability</u>			
Due to other funds	-	619	619
<u>Net Position</u>			
Restricted for:			
Individuals and organizations	453,434	1,221,597	1,675,031
Total net position	\$ 453,434	\$ 1,221,597	\$ 1,675,031

Town of East Hampton, Connecticut

Combining Statement of Changes in Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2018

	Custodial Funds		
	Student Activity Fund	Volunteer Firemen Award Fund	Total Custodial Funds
Additions:			
Employer contributions	\$ -	\$ 15,405	\$ 15,405
Charges for services	820,623	-	820,623
Total contributions	820,623	15,405	836,028
Investment income (loss):			
Net change in fair value of investments	-	(2,488)	(2,488)
Interest and dividends	474	56,828	57,302
Total investment income (loss)	474	54,340	54,814
Less investment expense	-	-	-
Net investment income (loss)	474	54,340	54,814
Total additions	821,097	69,745	890,842
Deductions:			
Benefits	-	619	619
Scholarship awards	14,885	-	14,885
Activities and events	754,706	-	754,706
Total deductions	769,591	619	770,210
Change in net position	51,506	69,126	120,632
Net position - July 1, 2017 (as restated)	401,928	1,152,471	1,554,399
Net position - June 30, 2018	\$ 453,434	\$ 1,221,597	\$ 1,675,031

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)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net investment in capital assets	\$ 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	\$ 63,685,094
Restricted	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	16,261
Unrestricted	(1,950,181)	1,216,719	(1,950,181)	6,222,350	4,881,503	11,940,565	8,359,229	8,466,520	7,425,994	12,008,857
Total Net Position	\$ 91,573,229	\$ 94,849,900	\$ 82,933,324	\$ 83,546,070	\$ 78,224,816	\$ 83,469,381	\$ 81,691,187	\$ 79,485,492	\$ 77,384,678	\$ 75,710,212

Town of East Hampton, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

	Fiscal Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
General government	\$ 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	\$ 3,843,123
Public safety	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	2,788,364
Civic and human services	689,520	665,153	509,796	1,032,383	727,068	458,228	436,539	362,272	477,033	997,140
Public works and utilities	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	5,373,203
Education	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	29,344,735
Regulatory	522,221	477,104	567,332	509,982	458,302	436,731	424,570	509,982	647,805	465,619
Culture and recreation	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	1,354,708
Interest on long-term debt	1,033,464	791,832	611,498	89,742	284,456	196,684	259,279	312,259	368,987	419,369
Total Expenses	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	44,586,261
Program Revenues:										
Charges for services:										
General government	396,441	378,462	354,803	334,535	330,789	331,161	307,991	310,197	314,490	331,000
Public safety	176,571	156,255	172,264	175,584	82,916	87,190	77,903	48,487	199,872	306,825
Civic and human services	1,375	1,800	975	1,274	1,250	975	550	525	850	900
Public works and utilities	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	2,076,501
Education	638,599	578,751	575,870	591,855	462,261	454,627	501,103	517,287	580,766	498,749
Regulatory	193,828	185,851	201,477	156,507	146,059	107,721	110,638	95,970	170,035	109,184
Culture and recreation	275,085	257,926	266,383	210,777	206,256	196,679	209,251	218,155	231,110	247,327
Operating grants and contributions	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	12,133,613
Capital grants and contributions	229,450	6,608,161	10,431,742	6,813,942	1,570,666	981,075	1,422,995	496,985	1,196,987	1,368,159
Total Program Revenues	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	17,072,258
Net expenses	(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)	(27,514,003)
General Revenues:										
Property taxes	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	27,202,929
Grants and contributions not restricted to specific programs	156,382	410,559	152,200	237,767	218,407	227,704	229,541	251,865	264,189	359,057
Investment income	92,757	70,147	102,101	236,524	37,313	65,317	47,794	80,509	142,627	230,040
Other	2,704	26,682	27,402	45,840	112,659	107,431	66,258	174,713	304,570	221,078
Total General Revenues	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	28,013,104
Change in Net Position	\$ (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	\$ 499,101

Table 3

Town of East Hampton, Connecticut

Fund Balances, Governmental Funds
Last Ten Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,550	\$ -	\$ -	\$ -
Assigned	-	-	-	-	-	-	-	-	-	1,687
Unassigned	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	4,592,586
Total General Fund	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	4,594,273
All Other Governmental Funds:										
Nonspendable	224,357	15,500	15,500	224,357	15,500	15,500	15,500	15,500	15,500	15,500
Restricted	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	5,817,523
Committed	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	842,102
Assigned	-	-	113,865	169,130	232,188	358,538	435,709	495,906	612,475	372,333
Unassigned	(8,166)	(19,013)	(26,062)	-	-	-	(320,066)	(2,615)	(5,976)	-
Total All Other Governmental Funds	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	7,047,458
Grand Total	\$ 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	\$ 11,641,731

Town of East Hampton, Connecticut

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Property taxes	\$ 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	\$ 26,977,875
Intergovernmental	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	13,476,892
Charges for services	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	3,507,029
Income from investments	92,757	70,147	102,101	236,524	37,313	65,317	47,794	80,509	142,627	213,850
Contributions and donations	81,452	173,754	53,434	181,098	63,714	22,581	12,958	45,691	34,949	43,480
Other	2,704	26,682	27,402	45,840	103,238	107,431	66,258	174,713	304,570	221,078
Total Revenues	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	44,440,204
Expenditures:										
Current:										
General government	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	3,561,676
Public safety	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	2,367,533
Public works and utilities	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	4,501,875
Culture and recreation	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	1,166,392
Civic and human services	599,688	561,431	420,828	977,274	679,756	416,126	395,823	556,741	376,385	353,640
Regulatory	352,768	323,558	422,147	368,205	378,159	364,173	359,986	430,430	449,453	393,412
Education	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	28,405,370
Debt service:										
Principal	2,134,846	1,944,738	866,085	1,171,716	914,545	977,727	998,844	1,442,383	1,655,951	1,669,547
Interest	936,730	936,730	232,302	158,256	191,774	224,294	257,686	300,219	333,558	483,480
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	4,129,702
Total Expenditures	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	47,032,627
Excess (Deficiency) of Revenues Over Expenditures	(1,138,257)	(6,842,474)	(14,816,431)	(9,943,255)	(1,251,078)	(1,159,983)	211,713	335,539	(918,697)	(2,592,423)
Other Financing Sources (Uses):										
Issuance of debt	405,000	6,700,000	4,810,000	16,415,000	745,000	3,140,000	-	-	-	2,985,000
Premium	500,372	-	1,116,024	167,105	35,689	28,936	-	-	-	16,190
Capital lease proceeds	109,887	172,349	1,062,006	-	-	-	-	-	-	-
Sale of equipment	-	-	-	-	9,421	-	-	-	-	-
Transfers in	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	1,612,226
Transfers out	(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)	(1,612,226)
Net Other Financing Sources (Uses)	1,015,259	6,903,150	6,988,030	16,582,105	790,110	3,168,936	(57,500)	-	-	3,001,190
Net Change in Fund Balances	\$ (122,998)	\$ 60,676	\$ (7,828,401)	\$ 6,638,850	\$ (460,968)	\$ 2,008,953	\$ 154,213	\$ 335,539	\$ (918,697)	\$ 408,767
Debt Service as a Percentage of Noncapital Expenditures	5.50%	5.39%	2.29%	2.79%	2.40%	2.72%	2.72%	3.93%	4.68%	12.33%

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		
2009	\$ 1,010,910,310	\$ 1,444,157,586	\$ 113,728,362	\$ 162,469,089	\$ 1,124,638,672	\$ 1,606,626,674	70.00%	23.81
2010	1,024,849,850	1,464,071,214	115,963,214	165,661,734	1,140,813,064	1,629,732,949	70.00%	24.01
2011	1,031,071,297	1,472,958,996	116,389,556	166,270,794	1,147,460,853	1,639,229,790	70.00%	24.98
2012	997,694,577	1,425,277,967	116,989,453	167,127,790	1,114,684,030	1,592,405,757	70.00%	25.68
2013	1,001,807,950	1,431,154,214	123,855,863	176,936,947	1,125,663,813	1,608,091,161	70.00%	25.97
2014	1,005,402,915	1,436,289,879	122,101,568	174,430,811	1,127,504,483	1,610,720,690	70.00%	26.63
2015	1,011,357,214	1,444,796,020	123,287,597	176,125,139	1,134,644,811	1,620,921,159	70.00%	27.14
2016	1,015,087,787	1,450,125,410	125,225,394	178,893,420	1,140,313,181	1,629,018,830	70.00%	27.78
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

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	2018			2009		
		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	\$ 19,772,856	1	1.75%	\$ 13,305,560	1	1.18%
Landmark East Hampton LLC	Mall Real Estate	7,521,320	2	0.67%	7,392,050	2	0.66%
Hampton 66 LLC	Real Estate Developer	3,500,000	3	0.31%	-	-	-
American Distilling	Manufacturer	2,908,040	4	0.26%	3,002,560	4	0.27%
East High Street Realty	Real Estate Developer	2,387,472	5	0.21%	-	-	-
Global Self Storage	Commerical Real Estate	2,350,840	6	0.21%	1,923,070	8	0.17%
Connecticut Natural Gas Corp.	Utility	2,210,450	7	0.20%	-	-	-
Pauls & Sandys Too, Inc.	Real Estate - Commercial/Farm	2,076,980	8	0.18%	1,962,940	7	0.17%
Noslen, Inc./Gustine Family Ltd	Campground	1,720,720	9	0.15%	1,751,760.00	9	0.16%
Skyline Estates LLC	Real Estate Developer	1,524,780	10	0.14%	2,258,150	6	0.20%
Z Incorporated	Convalescent Home	-	-	-	1,748,870.00	10	0.16%
East Hampton NE Development LLC	Real Estate Developer	-	-	-	3,571,560	3	0.32%
Rechovos Corporation	Real Estate Developer	-	-	-	2,474,620	5	0.22%
Totals		<u>\$ 45,973,458</u>		<u>4.08%</u>	<u>\$ 39,391,140</u>		<u>3.51%</u>

Source: Assessor's Office, Town of East Hampton

(1) Based on October 1, 2016 and 2007 net taxable Grand List of \$1,128,671,830 and \$1,124,638,672, respectively.

Town of East Hampton, Connecticut

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

Year Ended June 30	(1) Mill Rate	(2) Total Adjusted Tax Levy	Net Current Levy Tax Collections	Percentage of Current Taxes Collected	Collections in Subsequent Years	Total Collections	Percent of Levy Collected	Current Delinquent Balance
2009	23.81	\$ 26,925,160	\$ 26,429,212	98.16%	\$ 494,954	\$ 26,924,166	100.00%	\$ 994
2010	24.01	27,458,502	26,889,271	97.93%	566,771	27,456,042	99.99%	2,460
2011	24.98	28,730,903	28,141,090	97.95%	585,258	28,726,348	99.98%	4,555
2012	25.68	28,705,137	28,141,477	98.04%	545,556	28,687,033	99.94%	18,104
2013	25.97	29,347,660	28,659,192	97.65%	667,475	29,326,667	99.93%	20,993
2014	26.63	30,178,771	29,481,088	97.69%	665,041	30,146,129	99.89%	32,642
2015	27.14	30,951,102	30,345,144	98.04%	542,075	30,887,219	99.79%	63,883
2016	27.78	31,836,966	31,191,920	97.97%	544,907	31,736,827	99.69%	100,139
2017	29.44	33,204,218	32,674,062	98.40%	388,531	33,062,593	99.57%	141,625
2018	31.32	35,564,525	35,251,726	99.12%	-	35,251,726	99.12%	312,799

(1) There are no overlapping of 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)

Year Ended June 30	General Obligation Bonds and Notes	Clean Water Notes	Premiums	Capital Leases	Total	Percentage of Personal Income	Per Capita
2009	\$ 9,995,000	\$ 516,516	\$ 75,223	\$ -	\$ 10,586,739	1.22%	\$ 844
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	102,317	1,387,818	781,436	33,681,571	3.35%	2,611

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

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

Town of East Hampton, Connecticut

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

General Obligation Debt Outstanding (1)

Year Ended June 30	General Obligation Bonds and BANs	Premiums	Total	Percentage of Actual Taxable Value of Property	Per Capita
2009	\$ 9,995,000	\$ 75,223	\$ 10,070,223	0.66%	\$ 803
2010	8,410,000	64,926	8,474,926	0.55%	664
2011	7,040,000	54,575	7,094,575	0.46%	546
2012	6,115,000	44,224	6,159,224	0.41%	474
2013	8,340,000	33,873	8,373,873	0.54%	647
2014	8,250,000	57,425	8,307,425	0.53%	643
2015	23,625,000	47,202	23,672,202	1.46%	1,839
2016	27,715,000	1,065,479	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

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

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

Town of East Hampton, Connecticut

Schedule of Debt Limitation
 Connecticut Statutes, Section 7-374(b)
 June 30, 2018
 (Unaudited)

<u>Tax base:</u>						
Total prior year tax collections (including interest and lien fees)						<u>\$ 33,607,391</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	
<u>Debt limitation:</u>						
2 1/4 times base	\$ 75,616,630	\$ -	\$ -	\$ -	\$ -	
4 1/2 times base	-	151,233,260	-	-	-	
3 3/4 times base	-	-	126,027,716	-	-	
3 1/4 times base	-	-	-	109,224,021	-	
3 times base	-	-	-	-	100,822,173	
Total limitations	<u>75,616,630</u>	<u>151,233,260</u>	<u>126,027,716</u>	<u>109,224,021</u>	<u>100,822,173</u>	
<u>Indebtedness:</u>						
Bonds/notes	5,617,000	25,793,000	102,317	-	-	
Bond anticipation notes	405,000	1,270,000	-	-	-	
Net indebtedness	<u>6,022,000</u>	<u>27,063,000</u>	<u>102,317</u>	<u>-</u>	<u>-</u>	
Debt limitation in excess of outstanding debt	<u>\$ 69,594,630</u>	<u>\$ 124,170,260</u>	<u>\$ 125,925,399</u>	<u>\$ 109,224,021</u>	<u>\$ 100,822,173</u>	
The total net indebtedness above amounts to:						<u>\$ 33,187,317</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:						<u>\$ 235,251,737</u>
There is no overlapping debt for the Town.						

Town of East Hampton, Connecticut

Legal Debt Margin Information
Last Ten Years
(Unaudited)

Year Ended June 30	Debt Limit	Net Debt Applicable To Limit	Legal Debt Margin	Total Net Debt Applicable
2009	\$ 188,416,039	\$ 10,511,516	\$ 177,904,523	5.58%
2010	191,450,035	7,924,285	183,525,750	4.14%
2011	201,940,109	6,912,469	195,027,640	3.42%
2012	203,328,377	6,084,708	197,243,699	2.99%
2013	204,978,284	8,807,952	196,170,332	4.30%
2014	211,140,356	8,317,300	202,823,056	3.94%
2015	218,324,484	23,809,256	194,515,228	10.91%
2016	223,149,794	32,872,650	190,277,144	14.73%
2017	235,251,737	33,140,260	202,111,477	14.09%
2018	235,251,737	33,187,317	202,064,420	14.11%

Town of East Hampton, Connecticut

Demographic and Economic Statistics
Last Ten Years
(Unaudited)

Year Ended June 30	(1) Population	Personal Income	(4) Median Household Income	(3) Per Capita Income	(4) Median Age	(4) Education Level in Years of Formal Schooling	(2) School Enrollment	(3) Unemployment Rate
2009	12,548	\$ 69,062	\$ 85,262	\$ 36,879	32	30% Bachelor Degree or more	2,064	7.70%
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	39.9	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	1,864	3.40%

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

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

(3) Department of Labor, State of Connecticut.

(4) Connecticut Economic Resource Center.

N/A - Information not available

Town of East Hampton, Connecticut

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Town of East Hampton	377	1	18.98%	365	1	18.75%
Stop & Shop Supermarket	150	2	7.55%	-	-	0.00%
Shaws supermarket	-	-	0.00%	152	2	7.81%
Cobalt Lodge	74	3	3.73%	74	3	3.80%
Eversource Energy	50	4	2.52%	50	4	2.57%
American Distilling	50	5	2.52%	50	5	2.57%
Paul's & Sandy's Too Inc.	35	6	1.76%	14	8	0.72%
United State Postal Service	31	7	1.56%	30	6	1.54%
Dattco, Inc.	30	8	1.51%	-	-	0.00%
Bevin Brothers	18	9	0.91%	23	7	1.18%
TOTAL	815		41.04%	758		38.94%

Source: Connecticut Department of Labor

Note: All other employers have less than 10 employees.

Table 14

Town of East Hampton, Connecticut

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

Function / Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Administrative and General Government</u>										
Town Clerk	2.0	2.0	2.0	2.0	2.5	2.5	2.5	2.5	3.0	3.0
Town Manager's Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Registrar of Voters	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Town Planning and Zoning	4.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Human Resources	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0	1.0
Facilities / Building Maintenance	1.0	1.0	1.0	1.0	1.0	3.0	3.5	3.3	3.3	3.3
Information Technology	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	2.3	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Tax Collector	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3.0	3.0	3.0
<u>Public Safety</u>										
Fire Marshal	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Police	18.0	18.0	17.0	17.0	17.0	17.0	17.0	17.0	19.0	19.0
Animal Control	0.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Emergency Communications Center	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Public Works</u>										
Public Works Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Works Operations	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Water Pollution Control	10.5	10.5	10.5	10.5	10.5	10.5	11.0	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	1.0	1.0	1.0	1.0	1.3	1.3	1.3	1.3	1.5
Senior Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<u>Library</u>										
Library	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.5	7.5
<u>Recreation</u>										
Parks and Recreation	5.5	5.5	5.5	5.0	5.0	5.0	5.5	5.2	5.2	5.0
Grand Total	86.3	85.0	84.0	83.5	84.0	86.3	87.8	87.8	90.3	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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Town</u>										
Administrative and General Government	14.0	13.5	13.5	12.5	13.0	15.0	15.5	15.3	16.3	16.3
Finance	9.8	10.0	10.0	10.0	10.0	10.0	10.0	10.5	10.5	10.5
Public Safety	18.5	18.5	17.5	18.5	18.5	18.5	18.5	18.5	20.5	20.5
Public Works	26.5	26.5	26.5	26.5	26.5	26.5	27.0	27.0	27.0	27.0
Health, Social and Senior Services	4.0	3.0	3.0	3.0	3.0	3.3	3.3	3.3	3.3	3.5
Library	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.5	7.5
Recreation	5.5	5.5	5.5	5.0	5.0	5.0	5.5	5.2	5.2	5.0
Total	86.3	85.0	84.0	83.5	84.0	86.3	87.8	87.8	90.3	90.3
<u>Board of Education</u>										
Certified	175.0	173.0	172.0	175.0	176.4	175.4	174.0	177.0	177.0	180.0
Non-Certified	120.5	119.0	119.0	125.0	126.0	126.0	126.0	123.0	123.0	123.0
Total	295.5	292.0	291.0	300.0	302.4	301.4	300.0	300.0	300.0	303.0
Total	381.8	377.0	375.0	383.5	386.4	387.7	387.8	387.8	390.3	393.3

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public safety										
Fire										
Incidents	313	302	318	351	350	413	445	400	334	323
Fire Marshall Inspections	72	151	214	179	193	174	133	206	226	258
Police										
Criminal arrests	178	130	141	166	139	144	129	247	177	210
Parking violations	4	-	2	15	15	1	2	9	-	12
Citations	173	178	248	343	207	133	418	228	380	293
Public works										
Street resurfacing (paved miles)	0.74	6.06	8	10	-	5.12	7.90	6.00	6.15	10.59
Storm drains cleaned	28	887	756	1,055	972	-	300	1,024	356	940
Parks and recreation										
Sessions / Classes	318	328	279	241	228	285	220	200	225	275
Program enrollments	4,191	3,987	3,958	3,002	3,536	2,469	1,978	3,040	2,562	3,772
Library										
Volumes in collection	65,285	80,040	78,383	78,403	69,908	69,908	72,543	70,104	74,721	74,085
Total volumes borrowed	70,695	64,167 *	141,349	140,380	141,078	141,451	138,967	138,042	134,974	129,772
Education										
School enrollment	1,864	1,861	1,888	1,830	1,839	1,882	1,928	1,944	2,002	2,064

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Parks and Recreation:										
Playgrounds	12	12	12	12	12	12	12	12	12	12
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer	4	4	4	4	4	4	4	4	4	4
Community centers	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Police department Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	9	9	9	9	9	9	9
Public Works:										
Highway department Streets (miles)	91.6	91.6	91.6	91.3	91.1	91.1	91.1	90.8	90.4	90.0
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
Libraries:										
Number of public libraries	2	2	2	2	2	2	2	2	2	2
Education:										
High schools	1	1	1	1	1	1	1	1	1	1
Middle schools	1	1	1	1	1	1	1	1	1	1
Elementary schools	2	2	2	2	2	2	2	2	2	2

Source: Town capital asset records and various Town Departments.