

Town of Easton, Connecticut

Financial Report
Fiscal Year Ended June 30, 2014

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Independent Auditor's Report

To the Board of Finance
Town of Easton, 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 Easton, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Easton, Connecticut'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 of 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of June 30, 2014 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.

Emphasis of a Matter

As described in Note 15 to the financial statements, the beginning net position of the Government Activities and the beginning fund balances of the Non-Major Funds and the Bonded Capital Project Fund have been restated for the correction of an error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the budgetary comparison information on pages 51 through 55, the schedule of employer contributions and schedules of funding progress on page 49, and the schedule of the Town's net pension liability and related ratios on page 50, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Easton, Connecticut's basic financial statements. The combining and individual fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other 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 combining and individual fund financial statements and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2015 on our consideration of the Town of Easton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Easton, Connecticut's internal control over financial reporting and compliance.



New Haven, Connecticut
February 25, 2015

Town of Easton, Connecticut
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

Management of the Town of Easton offers readers these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June.

The purpose of the MD&A is to provide to the reader an interpretation of the financial information and results of the fiscal year.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$66,934,627 (net position). Of this amount, \$7,440,697 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$3,777,850. Substantially all of the increase is attributable better than expected revenues and expenditures that were less than expected amounts.
- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$348,847.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,780,254 or 11.1% of total general fund expenditures and transfers out.

Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Easton's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets plus deferred outflows of resources after liabilities plus deferred inflows of resources are deducted, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present only government activities whose functions are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include general government, public safety, public works, health and welfare, education, library, and parks and recreation.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resource, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and bonded capital project fund, both of which are considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds. The Town maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for the Board of Education medical insurance benefits. This activity has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$66,934,627 at the close of the most recent fiscal year.

A large portion of the Town's net position reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, building improvements, machinery and equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town's net position was restated as a result of correcting an error relating to the cash reconciliation and to properly recognize bond premiums. Additional information on the Town's net position restatement can be found in Note 15 of this report. The restatement to the governmental activities is detailed as follows:

	Net Position Governmental Activities
As previously reported:	
Net Position, June 30, 2013	\$ 64,025,698
Due to/from reconciliation error	451,997
Bond premium recognition	(1,320,918)
As restated:	
Net Position, June 30, 2013	<u>\$ 63,156,777</u>

Town of Easton Net Position

	Summary Statement of Net Position	
	Governmental	
	Activities	
	June 30, 2014	June 30 , 2013 (As restated)
Current and Other Assets	\$ 13,738,416	\$ 13,042,734
Capital Assets	91,234,318	92,021,085
Total assets	104,972,734	105,063,819
Long-Term Debt Outstanding	27,376,324	28,622,081
Other Liabilities	10,661,783	10,666,449
Total liabilities	38,038,107	39,288,530
Net Position		
Net investments in capital assets	59,493,930	57,337,913
Unrestricted	7,440,697	5,818,864
Total net position	\$ 66,934,627	<u>\$ 63,156,777</u>

None of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 7,440,697 may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in both categories of net position for the Town as a whole.

Town of Easton Changes in Net Position

Summary Schedule of Changes in Net Position

	Governmental	
	Activities	
	2014	2013 (As restated)
Revenues		
Program revenues:		
Charges for services	\$ 2,257,472	\$ 2,237,107
Operating grants and contributions	2,967,983	2,425,349
Capital grants and contributions	1,070,601	239,856
General revenues:		
Property taxes	39,361,061	38,422,645
Grants and contributions not restricted to specific purposes	155,081	492,739
Investment income	151,842	60,036
Donated capital assets	614,665	215,699
Miscellaneous	-	9,168
Total revenues	46,578,705	44,102,599
 Program Expenses		
General government	2,984,380	5,025,524
Public safety	3,219,451	4,053,010
Public works	2,780,882	2,985,810
Health and welfare	449,516	532,647
Education	30,715,896	28,303,821
Library	643,001	794,909
Parks and recreation	784,770	826,668
Interest expense	1,222,959	1,143,196
Total expenses	42,800,855	43,665,585
 Increase in net position	3,777,850	437,014
 Net Position, beginning as restated	63,156,777	62,719,763
Net Position, ending	\$ 66,934,627	\$ 63,156,777

Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, governmental funds reported a combine ending fund balance of \$348,847.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was \$4,780,254. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 11.1% of total general fund expenditures and other financing uses, while total fund balance represents 11.9% of that same amount.

General Fund Budgetary Highlights

The most significant difference between the original budget and the final amended budget included additional appropriations and budget transfers of \$188,726 for various departments and this includes the transfers out account to purchase equipment. The Board of Finance made special appropriations to the Fire Department, Building Department, Senior Center, Assessor, and, in addition, transferred funds from police special service revenue to cover that expenditure.

The following departments had positive budget variances as follows:

- The Public Works department in the amount of \$234,349 due to a very mild winter that saved funds in overtime and highway road salt and also having a vacancy for a position.
- Fringe Benefits in the amount of \$168,097 due to increased percentage deductions and the election to accept "in lieu of" medical coverage.
- Old SSS Building now known as 660 Morehouse Road Budget in the amount of \$40,958 due to the savings of conversion to natural gas and increased reimbursement payments for utilities.
- The Board of Education returning funds in the amount of \$37,857.

Bonded Capital Projects Fund

This fund accounts for financial resources from general obligation bonds to be used for major capital asset construction and/or purchases.

**Town of Easton Capital Assets
(Net of Depreciation)**

	Governmental Activities	
	2014	2013
Land	\$ 19,859,020	\$ 19,244,355
Construction in progress	24,430	-
Land improvements	421,326	440,888
Buildings	51,609,825	52,427,324
Building improvements	1,195,045	1,237,115
Machinery and equipment	477,983	459,256
Vehicles	2,809,995	3,031,063
Infrastructure	14,836,694	15,181,084
Total	\$ 91,234,318	\$ 92,021,085

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets as of June 30, 2014 is \$ 91,234,318 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, building improvements, machinery and equipment and vehicles.

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

- Radios were approved for purchase and upgrade through the Local Capital Improvement Program (LoCIP) for the Fire and EMS and Public Works and the projects completed.
- The Town approved the use of \$282,500 of LoCIP funds to complete the reconstruction of Morehouse Road south of the school.
- The Town approved the use of approximately \$165,000 of LoCIP funds for the renovation of the Dispatch communication center in the next fiscal year.
- Public Works began renovations to the parking areas at 600 Morehouse Road.
- The remaining additions and deletions consisted of various equipment and vehicles for Town departments.

Additional information on the Town's capital assets can be found in Note 4 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town had total debt outstanding of \$29,827,000. All of this debt comprises debt backed by the full faith and credit of the Town.

**Town of Easton Outstanding Debt
General Obligation Bonds and Notes**

	Governmental Activities	
	2014	2013
General obligation bonds - Town improvements	\$ 4,061,000	\$ 4,747,000
General obligation bonds - School improvements	18,134,000	19,761,000
General obligation bonds - Sewer improvements	260,000	282,000
Bond anticipation notes	7,372,000	7,748,000
Total	\$ 29,827,000	\$ 32,538,000

The Town is also obligated for a portion of the Regional School District No. 9 general obligation debt in the net amount of \$7,085,669.

On July 3, 2013, the Town issued \$7,372,000 of bond anticipation notes. These bond anticipation notes bear interest at 1.25% and mature on July 3, 2014 and are for elementary school construction and land acquisition.

During the fiscal year, the Town made bond principal payments of \$2,335,000 for school and general purpose debt.

The Town maintains an "AAA" credit rating from Standard and Poor's, for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$270,535,221 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 6 and 7 of this report.

Economic Factors and Next Year's Budget and Rates

The following are some factors that were considered in preparing the Town's budget for the 2015 fiscal year:

- The unemployment rate for the Town is currently 5.6%. This compares favorably to the state's average unemployment rate 6.4% and the national average rate 5.9%.
- Inflationary trends in the region compare favorably to national indices.

Town's elected and appointed officials considered Town-wide trends when setting the fiscal year 2015 budget. The Town decided that it was important to continue to support the school system and adopt a budget designed to promote long-term financial stability, conservative budgeting, and while at the same time, providing excellent services to our residents and taxpayers.

- At June 30, 2014, unassigned fund balance in the general fund was \$4,780,254

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chairman, Board of Finance or the Office of the Comptroller, Town of Easton, 225 Center Road, Easton, Connecticut 06612.

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Basic Financial Statements

Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	\$ 5,954,294
Investments	4,938,603
Receivables, net	2,539,308
Net pension asset	306,211
Total current assets	<u>13,738,416</u>
Noncurrent Assets	
Capital Assets	
Capital assets, not being depreciated	19,883,450
Capital assets, being depreciated, net	71,350,868
Total capital assets	<u>91,234,318</u>
Total assets	<u>104,972,734</u>
Liabilities	
Current Liabilities	
Accounts payable and accrued expenses	2,545,284
Due to Regional School District No. 9	666,521
Unearned revenue	77,978
Bond anticipation notes	7,372,000
Total current liabilities	<u>10,661,783</u>
Noncurrent Liabilities	
Long-term liabilities due within one year	2,792,321
Long-term liabilities due in more than one year	24,584,003
Total noncurrent liabilities	<u>27,376,324</u>
Total liabilities	<u>38,038,107</u>
Net Position	
Net Investments in Capital Assets	59,493,930
Unrestricted	7,440,697
Total net position	<u>\$ 66,934,627</u>

See Notes to Financial Statements.

**Statement of Activities
For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental Activities					
General Government	\$ 2,984,380	\$ 877,778	\$ 240,969	\$ 856,110	\$ (1,009,523)
Public Safety	3,219,451	460,123	16,230	19,849	(2,723,249)
Public Works	2,780,882	467,155	-	194,642	(2,119,085)
Health and Welfare	449,516	49,054			(400,462)
Education	30,715,896	29,318	2,710,784		(27,975,794)
Library	643,001	10,721	-	-	(632,280)
Park and Recreation	784,770	363,323	-	-	(421,447)
Interest and fiscal charges	1,222,959	-	-	-	(1,222,959)
Total governmental activities	\$ 42,800,855	\$ 2,257,472	\$ 2,967,983	\$ 1,070,601	(36,504,799)
General revenues:					
Property taxes					39,361,061
Grants and contributions not restricted to specific programs					155,081
Investment income					151,842
Donated capital assets					614,665
Total general revenues					40,282,649
Change in net position					3,777,850
Net position - beginning as restated (Note 15)					63,156,777
Net position - ending					\$ 66,934,627

See Notes to Financial Statements.

Balance Sheet - Governmental Funds
June 30, 2014

	General	Bonded Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 3,406,398	\$ -	\$ 2,221,700	\$ 5,628,098
Investments	4,206,772	-	731,831	4,938,603
Receivables:				
Property taxes and accrued interest, net	1,755,001	-	-	1,755,001
Accounts	146,224	-	54,022	200,246
Intergovernmental	-	-	584,061	584,061
Total assets	\$ 9,514,395	\$ -	\$ 3,591,614	\$ 13,106,009
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$ 919,908	\$ 50,305	\$ 333,656	\$ 1,303,869
Accrued liabilities	949,870	-	-	949,870
Due to Regional School District No.9	666,521	-	-	666,521
Due to other funds	106,756	-	-	106,756
Unearned revenue	74,979	-	2,999	77,978
Bond anticipation notes	-	7,372,000	-	7,372,000
Total liabilities	2,718,034	7,422,305	336,655	10,476,994
Deferred Inflows of resources				
Unavailable revenue	1,696,107	-	584,061	2,280,168
Total deferred inflows of resources	1,696,107	-	584,061	2,280,168
Fund balances (deficits)				
Restricted	-	-	195,411	195,411
Committed	-	-	2,542,993	2,542,993
Assigned	320,000	-	-	320,000
Unassigned	4,780,254	(7,422,305)	(67,506)	(2,709,557)
Total fund balances (deficits)	5,100,254	(7,422,305)	2,670,898	348,847
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 9,514,395	\$ -	\$ 3,591,614	\$ 13,106,009

See Notes to Financial Statements.

(Continued)

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
For the Year Ended June 30, 2014**

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds	\$ 348,847
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	124,584,652
Less accumulated depreciation	<u>(33,350,334)</u>
Net capital assets	<u>91,234,318</u>
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recorded in the funds:	
Deferred inflows - unavailable revenue	601,400
Net pension asset	306,211
Property tax receivables greater than 60 days	1,216,157
Interest receivable on property taxes	462,611
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.	289,952
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds:	
Bonds and notes payable	(22,455,000)
Compensated absences	(591,660)
Capital lease payable	(680,781)
Net OPEB obligation	(1,494,146)
Interest payable on bonds and notes	(148,545)
Unamortized bond premium	(1,232,607)
Heart and hypertension	<u>(922,130)</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ 66,934,627</u>

See Notes to Financial Statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2014**

	General	Bonded Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 38,898,014	\$ -	\$ -	\$ 38,898,014
Intergovernmental	3,036,785	246,758	330,976	3,614,519
Charges for services	1,783,235	-	820,466	2,603,701
Investment income	126,299	103	25,440	151,842
Contributions	-	-	10,671	10,671
Total revenues	43,844,333	246,861	1,187,553	45,278,747
Expenditures				
Current:				
General Government	2,334,469	-	107,106	2,441,575
Public Safety	2,552,414	-	145,342	2,697,756
Public Works	1,934,995	-	298,733	2,233,728
Health and Welfare	366,138	-	49,946	416,084
Education	27,304,586	-	251,266	27,555,852
Library	552,080	-	10,782	562,862
Parks and Recreation	358,229	-	380,348	738,577
Employee benefits	3,167,010	-	-	3,167,010
Insurance	726,442	-	-	726,442
Debt service	3,207,239	-	-	3,207,239
Capital outlay	-	-	273,002	273,002
Total expenditures	42,503,602	-	1,516,525	44,020,127
Revenues over (under) expenditures	1,340,731	246,861	(328,972)	1,258,620
Other Financing Sources (Uses)				
Transfers in	197,180	233,049	155,108	585,337
Transfers out	(388,157)	(85,944)	(111,236)	(585,337)
Total other financing sources (uses)	(190,977)	147,105	43,872	-
Change in fund balances (deficits)	1,149,754	393,966	(285,100)	1,258,620
Fund Balances (Deficits), beginning of year - as restated*	3,950,500	(7,816,271)	2,955,998	(909,773)
Fund Balances (Deficits), end of year	\$ 5,100,254	\$ (7,422,305)	\$ 2,670,898	\$ 348,847

*Relates to the Bonded Capital Projects fund and Nonmajor Governmental funds.

See Notes to Financial Statements.

(Continued)

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014**

Amounts reported for governmental activities in the statement of activities (Exhibit II) are due to:

Net change in fund balances - total governmental funds (Exhibit IV) \$ 1,258,620

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	137,203
Donated capital assets	614,665
Depreciation expense	(1,522,635)
Total	(770,767)

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.

(16,000)

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:

Miscellaneous grant receipts	73,750
Increase in property tax receivable - accrual basis change	(40,614)
Increase in property tax interest and lien revenue	(122,631)
Net pension asset	(102,896)
Total	(192,391)

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 long-term debt and related items are as follows:

Principal repayments:

Bond principal repayments	2,335,000
Total	2,335,000

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:

Net OPEB expense	158,830
Heart and hypertension claims	(92,773)
Compensated absences	621,752
Accrued interest payable	7,994
Amortization of bond premium	88,311
Other costs	262,409
Capital lease payments	143,473
Total	1,189,996

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

The net revenue of the activities of the Internal Service Fund is reported with governmental activities (26,608)

Change in net position of governmental activities (Exhibit II) \$ 3,777,850

See Notes to Financial Statements.

**Statement of Net Position - Proprietary Fund
June 30, 2014**

	Governmental Activities
	<u>Internal Service Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 326,196
Due from other funds	<u>106,756</u>
Total assets	<u><u>432,952</u></u>
Liabilities	
Current Liabilities	
Claims payable	<u>143,000</u>
Total liabilities	<u><u>143,000</u></u>
Net Position	
Unrestricted	<u>289,952</u>
Total net position	<u><u>\$ 289,952</u></u>

See Notes to Financial Statements.

**Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund
For the Year Ended June 30, 2014**

	Governmental Activities
	<u>Internal Service Fund</u>
Operating Revenue	
Premiums	<u>\$ 2,271,408</u>
Operating Expenses	
Claims	2,058,509
Administration	240,004
Total operating expenses	<u>2,298,513</u>
Net loss	(27,105)
Nonoperating Revenue	
Investment income	<u>497</u>
Change in net position	(26,608)
Net Position, beginning	<u>316,560</u>
Net Position, ending	<u><u>\$ 289,952</u></u>

See Notes to Financial Statements.

**Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2014**

	Governmental Activities
	<u>Internal Service Fund</u>
Cash Flows from Operating Activities	
Premiums received	\$ 2,279,190
Claim payments	(2,071,857)
Administrative payments	(240,004)
Net cash used in operating activities	<u>(32,671)</u>
Cash Flows from Investing Activities	
Income on investments	<u>497</u>
Net decrease in cash and cash equivalents	(32,174)
Cash and Cash Equivalents, beginning of year	<u>358,370</u>
Cash and Cash Equivalents, end of year	<u>\$ 326,196</u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities	
Operating loss	\$ (27,105)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in:	
Claims payable	(13,348)
Decrease in:	
Due from other funds	<u>7,782</u>
Net cash used in operating activities	<u>\$ (32,671)</u>

See Notes to Financial Statements.

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014

	Pension Trust Fund	Agency Funds
Assets		
Cash and Cash Equivalents	\$ 1,877,985	\$ 1,660,648
Investments, at fair value		
Mutual funds	14,776,840	-
Accounts Receivable	17,758	-
Prepaid Benefits	56,709	-
Total assets	<u>16,729,292</u>	<u>\$ 1,660,648</u>
Liability		
Accounts and Other Payable	<u>5,046</u>	<u>1,660,648</u>
Net Position		
Net Position - Restricted for Pension Benefits	<u>\$ 16,724,246</u>	<u>\$ -</u>

See Notes to Financial Statements.

**Statement of Changes in Plan Net Position - Pension Trust Fund
June 30, 2014**

	Pension Trust Fund
<hr/>	
Additions	
Contributions:	
Employer	\$ 620,000
Plan members	186,906
Total contributions	<u>806,906</u>
Investment Income	
Net appreciation in fair value of investments	1,991,803
Interest and dividends	405,163
Net investment gain	<u>2,396,966</u>
Total net additions	<u>3,203,872</u>
Deductions	
Benefits	724,932
Administrative expense	10,200
Total deductions	<u>735,132</u>
Changes in net position	2,468,740
Net Position, beginning of year	<u>14,255,506</u>
Net Position, end of year	<u>\$ 16,724,246</u>

See Notes to Financial Statements.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity: The Town of Easton (the Town), was incorporated in 1845. The Town governs itself by majority vote of the Town Meeting, its legislative body. The executive body is the Board of Selectmen. The Town provides the following services: public safety (police and fire), public works, parks and recreation, education and library.

Accounting principles generally accepted in the United States of America (GAAP), require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board (GASB) Statement Codification Section 2100 have been considered and there are no agencies or entities that should be, but are not, included in the financial statements of the Town.

Accounting Standards Adopted in the Current Year:

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, was implemented as July 1, 2013. This statement clarified the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. As a result of the adoption of this standard, unavailable revenue was required to be reclassified to Deferred Inflows of Resources this year.

GASB Statement No. 67, Financial Reporting for Pension Plans an amendment of GASB Statement No. 25, issued in June 2012, was effective for the Town as of July 1, 2013. This Statement replaces the requirements of *Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and *No. 50, Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of *Statements 25 and 50* remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The implementation of this statement did not have a material impact on the Town's financial statements.

GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, became effective on July 1, 2013. This statement provides guidance to governments that extend and receive nonexchange financial guarantees. The implementation of this statement had no impact on the Town's financial statement.

Basis of Presentation: The financial statements of the Town have been prepared in conformity with GAAP as applied to government units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

Government-Wide and Fund Financial Statements: The government-wide financial statements (i.e., the statement of net position and the statement of changes in activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to "or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be 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 government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Bonded Capital Projects Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases funded by debt issuances.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for risk financing activities for the medical insurance benefits as allowed by GASB Statement No. 10.

The *Pension Trust Fund* accounts for the activities of the Easton Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Agency Fund* accounts for monies held on behalf of students and amounts held for performance related activities.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges to customers for medical insurance benefits. Operating expenses for internal service funds include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

Assets, Liabilities, Deferred Inflows of Resources and Net Position:

Deposits and Investments:

Deposits: The Town considers cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: Investments for the Town are reported at fair value.

Receivables and Payables:

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

Property Taxes and Other Receivables: For the government-wide financial statements, all trade; property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 8-20% of outstanding receivable balances at June 30, 2014, and are calculated based upon prior collections.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

For the fund financial statements, property taxes receivable at June 30, 2014, which have not been collected within 60 days of June 30, have been recorded as deferred inflows since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	75
Building improvements	30-50
Land improvements	6-25
Vehicles	4-28
Equipment	4-28
Infrastructure	75

Compensated Absences: The Town's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured. All compensated absences are paid by the General Fund.

Long-Term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are 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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town reports a deferred charge on refunding in this manner in the government-wide statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Town had no deferred outflows of resources.

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 or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, grants and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

Fund Equity and Net Position: In the government-wide financial statements, net position is classified into the following categories:

Net Investments in Capital Assets: This category of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position: This category consists of restrictions externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: This category includes amounts that do not meet the definition of "restricted" or "Net investment in capital assets."

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

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

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

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

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Pension Accounting:

Pension Trust Fund: The Pension Trust Fund is reported on the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental Funds and Governmental Activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of GASB No. 27. The pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

Funding Policy: The Town funds the contributions to its pension plans based on the actuarial required contribution.

Net Other Post-Employment Benefit Obligations:

Governmental Funds and Governmental Activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation (asset), the cumulative differences between annual OPEB cost and the Town's contributions to the plan since July 1, 2009, is calculated on an actuarial basis consistent with the requirements GASB No. 45. The OPEB obligation (asset) is recorded in the government-wide financial statements.

Note 2. Cash, Cash Equivalents and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402) (the Statutes). Deposits may be made in a "qualified public depository" as defined by the Statutes or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

Town of Easton, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short- Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and is regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits:

Deposit Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. The Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, \$8,338,166 of the Town's bank balance of \$10,364,971 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,304,349
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	1,033,817
	<u>\$ 8,338,166</u>

Cash Equivalents: At June 30, 2014, the Town's cash equivalents amounted to \$9,493,000. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAA/m
Cutwater Asset management - Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	AAA/m

Town of Easton, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Investments: As of June 30, 2014, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (in Years)		
			Less than 1 year	1-10 Years	Over 10 Years
Interest-Bearing Investments					
U.S. Government:					
Agency Bonds	AAA	\$ 4,104,877	\$ -	\$ 247,037	\$ 3,857,840
Agency Bonds	AA+	101,895		101,895	
Corporate Bonds	A-	51,875	-	51,875	-
Corporate Bonds	BAA1	25,823	25,823	-	-
Corporate Bonds	BAA2	25,835	25,835	-	-
Total		<u>4,310,305</u>	<u>\$ 51,658</u>	<u>\$ 400,807</u>	<u>\$ 3,857,840</u>
Other Investments					
Equities		81,645			
Mutual funds		<u>15,323,493</u>			
Total Investments		<u>\$ 19,715,443</u>			

Interest Rate Risk: The Town limits their maximum final stated maturities to 15 years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk-Investments: - As indicated above, the Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as the Statutes.

Concentration of Credit Risk: The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk: Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2014, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

Town of Easton, Connecticut

Notes to Financial Statements

Note 3. Receivables

Receivables as of the year-end for the Town's individual major fund and nonmajor, internal service, and fiduciary funds in the aggregate are as follows:

	General	Bonded Capital Projects	Nonmajor and Other Funds	Total
Receivables				
Interest*	\$ -	\$ -	\$ -	\$ -
Taxes	1,855,001	-	-	1,855,001
Accounts	146,224	-	54,022	200,246
Intergovernmental	-	-	584,061	584,061
Gross receivables	2,001,225	-	638,083	2,639,308
Less Allowance for Uncollectibles	(100,000)	-	-	(100,000)
Net total receivables	\$ 1,901,225	\$ -	\$ 638,083	\$ 2,539,308

Governmental funds report deferred inflow in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of deferred inflows of resources relating to unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable Revenues	Unearned Revenues
Delinquent property taxes receivable	\$ 1,678,768	\$ -
Grant drawdowns not yet received	584,061	77,978
Other receivables not yet received	17,339	-
Total deferred inflow/unearned revenue for governmental funds	\$ 2,280,168	\$ 77,978

Town of Easton, Connecticut

Notes to Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Increases	Decreases	Transfers	Balance June 30, 2014
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 19,244,355	\$ 614,665	\$ -	\$ -	\$ 19,859,020
Construction in progress	-	24,430	-	-	24,430
Total capital assets, not being depreciated	19,244,355	639,095	-	-	19,883,450
Capital assets, being depreciated:					
Land improvements	637,315	-	-	-	637,315
Buildings	69,680,263	-	-	-	69,680,263
Building improvements	1,405,265	-	-	-	1,405,265
Machinery and equipment	1,513,547	54,172	-	-	1,567,719
Vehicles	6,104,359	58,601	(156,324)	-	6,006,636
Infrastructure	25,404,004	-	-	-	25,404,004
Total capital assets, being depreciated	104,744,753	112,773	(156,324)	-	104,701,202
Less accumulated depreciation for:					
Land improvements	(196,427)	(19,562)	-	-	(215,989)
Buildings	(17,252,939)	(817,499)	-	-	(18,070,438)
Building improvements	(168,150)	(42,070)	-	-	(210,220)
Machinery and equipment	(1,054,291)	(35,445)	-	-	(1,089,736)
Vehicles	(3,073,296)	(263,669)	140,324	-	(3,196,641)
Infrastructure	(10,222,920)	(344,390)	-	-	(10,567,310)
Total accumulated depreciation	(31,968,023)	(1,522,635)	140,324	-	(33,350,334)
Total capital assets, being depreciated, net	72,776,730	(1,409,862)	(16,000)	-	71,350,868
Governmental activities capital assets, net	\$ 92,021,085	(770,767)	(16,000)	-	\$ 91,234,318

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

Governmental Activities	
General Government	\$ 433,408
Public Safety	174,326
Public Works	225,480
Education	672,032
Library	17,389
Total depreciation expense – governmental activities	\$ 1,522,635

Town of Easton, Connecticut

Notes to Financial Statements

Note 5. Interfund Accounts

At June 30, 2014, the amounts due to and from other funds were as follows:

Receivable Fund	Payable Fund	Amount
Internal Service Fund	General Fund	\$ 106,756
		<u>\$ 106,756</u>

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

Interfund Transfers:

	Transfers In			Total
	General Fund	Bonded Capital Projects	Nonmajor Governmental Funds	
Transfers Out				
General Fund	\$ -	\$ 233,049	\$ 155,108	\$ 388,157
Bonded Capital Projects	85,944	-	-	85,944
Nonmajor governmental	111,236	-	-	111,236
Total transfers out	<u>\$ 197,180</u>	<u>\$ 233,049</u>	<u>\$ 155,108</u>	<u>\$ 585,337</u>

All transfers represent routine recurring transactions to move resources from one fund to another.

Note 6. Short-Term Obligations – Bond Anticipation Notes

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

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Bond Anticipation Notes				
Elementary school construction	\$ 1,973,395	\$ 1,905,500	\$ 1,973,395	\$ 1,905,500
Land acquisition	5,774,605	5,466,500	5,774,605	5,466,500
Total	<u>\$ 7,748,000</u>	<u>\$ 7,372,000</u>	<u>\$ 7,748,000</u>	<u>\$ 7,372,000</u>

On July 3, 2013, the Town issued \$7,372,000 of BAN's. These bond anticipation notes bear interest at 1.25% and mature on July 2, 2014 and are for elementary school construction and land acquisition. The BANs were rolled over to new notes in July, 2014.

Town of Easton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Debt

Changes in Long-Term Debt:

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, 2013 as restated	Additions	Deductions	Balance Outstanding June 30, 2014	Current Portion
Bonds									
General Purpose:									
Refunding bond	\$3,318,000	02/15/03	06/01/15	1.6-4.0	\$ 457,000	\$ -	\$ 236,000	\$ 221,000	\$ 221,000
Improvement bond	1,424,000	07/15/10	07/15/25	1.0-3.75	1,235,000	-	95,000	1,140,000	95,000
Refunding bond (2001 issue)	3,739,500	05/28/09	10/15/21	3.0-5.0	3,055,000	-	355,000	2,700,000	345,000
Total general purpose					<u>4,747,000</u>	-	<u>686,000</u>	<u>4,061,000</u>	<u>661,000</u>
Schools:									
Refunding bond	447,000	01/15/03	06/01/15	1.6-4.0	68,000	-	34,000	34,000	34,000
Refunding bond (2001 issue)	5,765,500	05/28/09	10/15/21	3.0-5.0	4,705,000	-	545,000	4,160,000	535,000
Improvement bond	925,000	07/15/10	07/15/25	1.0-3.375	798,000	-	63,000	735,000	63,000
Refunding bond	8,485,000	06/01/11	06/01/25	2.0-5.0	7,525,000	-	515,000	7,010,000	585,000
Refunding bond (2005 issue)	6,810,000	02/09/12	11/01/25	2.0-4.0	6,665,000	-	470,000	6,195,000	430,000
Total schools					<u>19,761,000</u>	-	<u>1,627,000</u>	<u>18,134,000</u>	<u>1,647,000</u>
Sewer:									
Improvement bond	326,000	07/15/10	07/15/25	1.0-3.375	282,000	-	22,000	260,000	22,000
Total bond/notes					24,790,000	-	2,335,000	22,455,000	2,330,000
Bond premium (as restated)									
Total bonds and related liabilities					<u>1,320,918</u>	-	<u>88,311</u>	<u>1,232,607</u>	-
Compensated absences					1,213,412	-	621,752	591,660	250,000
Capital lease					824,254	-	143,473	680,781	143,473
Heart and hypertension					829,357	92,773	-	922,130	68,848
Net OPEB obligation					1,335,316	158,830	-	1,494,146	-
Total general long-term obligations					<u>\$ 30,313,257</u>	<u>\$ 251,603</u>	<u>\$ 3,188,536</u>	<u>\$ 27,376,324</u>	<u>\$ 2,792,321</u>

All long-term liabilities are generally liquidated by the General Fund.

Town of Easton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Debt (Continued)

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and bond and note maturities:

Year Ending June 30,	To Be Provided by State		Bonds	
	For Principal	For Interest	Principal	Interest
2015	\$ 4,798	\$ 188	\$ 2,330,000	\$ 699,224
2016	-	-	2,250,000	628,361
2017	-	-	2,250,000	550,524
2018	-	-	2,245,000	469,574
2019	-	-	2,230,000	399,511
2020	-	-	2,205,000	329,436
2021	-	-	2,195,000	250,574
2022	-	-	2,175,000	171,124
2023	-	-	1,320,000	111,702
2024	-	-	1,310,000	72,314
2025	-	-	1,290,000	35,424
2026	-	-	655,000	8,463
Total	\$ 4,798	\$ 188	\$ 22,455,000	\$ 3,726,231

In addition to the above recorded amounts, the Town participates with the Town of Redding in providing a high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2014, which matures through 2026, amounted to \$15,665,000. The Town's share of the debt, net of the related grant, was \$7,085,669.

Capital Leases: The Town has entered into leases for the purchase of school buses. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the leases and the present value of the future minimum lease payments reflected at June 30, 2014:

Year Ending June 30,	Amount
2015	\$ 163,893
2016	163,893
2017	383,225
	<u>711,011</u>
Less amount representing interest	<u>(30,230)</u>
Present value of future minimum lease payment	\$ 680,781

Town of Easton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Debt (Continued)

Heart and Hypertension: The Town has recognized an estimated liability for possible future heart and hypertension claims by members of the police and fire departments based on current actuarial valuation.

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 86,960,993	\$ 9,710,500	\$ 77,250,493
Schools	173,921,985	27,143,430	146,778,555
Sewers	144,934,988	260,000	144,674,988
Urban renewal	125,610,323	-	125,610,323
Pension deficit	115,947,990	-	115,947,990

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$270,535,221 or seven times the base for debt limitation computation.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$4,798 for bond principal is reflected as deductions in the computation of net indebtedness.

Authorized/Unissued Bonds: The amount of authorized/unissued bonds is \$183,000 for general purposes and \$23,059 for school purposes.

Town of Easton, Connecticut

Notes to Financial Statements

Note 8. Fund Balance (Deficits)

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	General Fund	Bonded Capital Projects	Nonmajor Governmental Funds	Total
Fund Balances				
Restricted for:				
Grants	\$ -	\$ -	\$ 191,835	\$ 191,835
Education	-	-	3,576	3,576
	-	-	195,411	195,411
Committed to:				
Capital projects	-	-	125,425	125,425
General government	-	-	928,419	928,419
Public safety	-	-	278,671	278,671
Health and welfare	-	-	38,781	38,781
Library	-	-	1,051,642	1,051,642
Parks and recreation	-	-	120,055	120,055
	-	-	2,542,993	2,542,993
Assigned to:				
Subsequent year's budget	180,000	-	-	180,000
Potential claims	140,000	-	-	140,000
	320,000	-	-	320,000
Unassigned	4,780,254	(7,422,305)	(67,506)	(2,709,557)
Total fund balances	\$ 5,100,254	\$ (7,422,305)	\$ 2,670,898	\$ 348,847

Note 9. Risk Management

The Town is exposed to various risks of loss related to public officials and police liability, Board of Education liability, torts, thefts of, damage to, or destruction of assets, errors or omissions, heart and hypertension claims, injuries to employees or acts of God. Except for medical insurance, the Town purchases commercial insurance for all risks of loss. The Town established an internal service fund, the medical insurance fund, to account for and finance the retained risk of loss for the Town's medical benefits claims.

The Easton Board of Education, along with the Redding Board of Education and Regional School District No. 9, participates in a medical self-insurance plan that accounts for health benefits provided to participants and their families. Recommended monthly deposits are calculated by the plan administrator and claims processor. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Town of Easton, Connecticut

Notes to Financial Statements

Note 9. Risk Management (Continued)

The medical claims fund is substantially funded by the Town's general fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2012-2013	\$ 90,914	\$ 2,160,979	\$ 2,095,545	\$ 156,348
2013-2014	156,348	2,058,509	2,071,857	143,000

Note 10. Pension Plans

Plan Description: The Town has a contributory pension plan covering substantially all full-time employees and noncertified Board of Education employees. Uniformed police department employees and fire department employees participate in the Municipal Employees' Retirement System (MERS), administered by the Municipal Employees' Retirement Commission. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Retirement Board. The Town does not contribute to this plan.

Town of Easton Retirement Plan I and II: The Town is administrator of the Town of Easton Retirement Plan I and II, a single employer defined benefit pension plan established and maintained by the Town to provide pension benefits for its full-time employees other than police officers, fire department employees and teachers. The Pension Commission makes recommendations for plan provisions which are approved by the Board of Finance. The pension plan is included in the financial statements as a single pension fund since the assets may be used to pay benefits or refunds of any plan member or beneficiary. The plan does not issue separate, stand-alone financial reports.

The Town of Easton Retirement Plan I and II provide retirement benefits. Benefits vest after 10 years of service. Members may retire at various ages as determined by employee group. Members are entitled to an annual retirement benefit, payable for life, for an amount determined by formula for each year of service. Administration costs are financed from investment earnings.

Summary of Significant Accounting Policies and Plan Asset Matters:

Basis of Accounting: The Pension trust fund's financial statements are prepared using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned, and expenses (benefits and administration) are recognized when they are due and payable in accordance with the terms of the plan.

Valuation of Investments: Investments are valued at fair value based upon quoted market prices.

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Pension Plans (Continued)

Classes of Employees Covered: As of July 1, 2013, the plan's membership consisted of:

Retirees and beneficiaries currently receiving benefits	62
Terminated members entitled to benefits but not yet receiving them	21
Current active members	99
Total	182

Benefit Provisions:

Contributions: The contribution requirements of plan members and the Town are established according to the Pension Trust Agreement and the Pension and Employee Benefit Commission. The Pension and Employee Benefit Commission Members serve as plan trustees, as well as hiring the plan actuary. The Town's contribution to the plan is actuarially determined on an annual basis using the frozen initial liability cost method. Employees are required to contribute to the plan in varying amounts ranging from 2.25% for Board of Education employees to 6.58% for Highway Management employees.

Schedule of Employer Contributions and Net Pension Obligation:

Year Ended June 30,	Actual Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (Obligation)
2012	640,421	441,339	145.1%	444,724	144.0%	251,014
2013	590,000	622,129	94.8%	637,699	92.5%	203,315
2014	620,000	505,405	122.7%	517,104	119.9%	306,211

Actuarial Assumptions (GASB 27): The data presented in the schedule of funding progress and schedule of employer contributions were determined as part of the actuarial valuation at the date indicated.

Additional information as of the actuarial valuation within the current year is as follows:

Actuarial valuation date	July 1, 2013
Actuarial cost method	Entry Age Normal (previously Frozen Initial Liability)
Amortization method	Level Dollar - 30 Yr. base re-established - 7/1/ 2013
Remaining amortization period	8.6
Asset valuation methods	Fair value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	3%
Cost of living adjustments	2.6% – 3.0%
Post Retirement Mortality	2014 IRS Post Ret. with 3% load for future improvements.

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Pension Plans (Continued)

Annual Pension Cost and Net Pension Asset (GASB 27): The Town's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	\$ 505,405
Interest on net pension asset	(14,232)
Adjustment to annual required contribution	<u>25,931</u>
Annual pension cost	517,104
Contributions made	<u>620,000</u>
Increase in net pension asset	102,896
Net pension asset - July 1, 2013	<u>203,315</u>
Net pension asset - June 30, 2014	<u><u>\$ 306,211</u></u>

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
7/1/13	14,255,507	16,085,685	1,830,178	88.6%	4,370,454	41.88%

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to AALs for benefits.

Actuarial Assumptions (GASB 67): The total pension liability was determined by an actuarial valuation as of July 1, 2013, calculated based on the discount rate and actuarial assumptions below and then was projected forward to the measurement date June 30, 2014. There have been no significant changes between the valuation date and the fiscal year-end.

Discount Rate (GASB 67):

Discount rate	7.00%
Long-term expected rate of return, net of investment expense	7.00%
Municipal bond rate	N/A

Other Key Actuarial Assumptions (GASB 67): The Plan has not had a formal actuarial experience study performed.

Valuation date	July 1, 2013
Measurement date	June 30, 2014
Inflation	2.6% -3.0%
Salary projection	3.0%
Mortality	Prescribed IRS Static Mortality Schedule
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair value

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Pension Plans (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7%. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity Analysis: The following table presents the net pension liability of the Town, calculated using the discount rate of 7%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability	\$ 2,258,970	\$ 242,699	\$ (1,433,641)

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town: The components of the net pension liability of the Region at June 30, 2014 were as follows:

Net Pension Liability	June 30, 2014
Total pension liability	\$ 16,966,947
Fiduciary net position	16,724,248
Net pension liability	242,699
Fiduciary net position as a percentage of total pension liability	98.6%
Covered payroll	4,043,303
Net pension liability as a percentage of covered payroll	6.0%

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Pension Plans (Continued)

Investments: The pension plan's policy in regard to the allocation is established and may be amended by the Town Retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2014:

Asset Class	Pension Funds Allocation %
U.S. Large Cap Blend	30.00%
U.S. Small/Mid Cap Blend	8.50%
International equities	14.50%
Emerging Markets Equity	6.50%
Real estate	1.50%
Fixed Income - Government	16.00%
Fixed Income - Corporate	7.00%
Alternatives	5.00%
Cash & cash equivalents	11.00%
	100.0%

Assumed Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2013, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Return - Portfolio	Weighted
U.S. Large Cap Blend	4.75%	1.43%
U.S. Small/Mid Cap Blend	5.50%	0.47%
International equities	5.25%	0.76%
Emerging Markets Equity	6.00%	0.39%
Real estate	5.00%	0.08%
Fixed Income - Government	1.75%	0.28%
Fixed Income - Corporate	2.25%	0.16%
Alternatives	5.25%	0.26%
Cash and Cash equivalents	0.05%	0.06%
Total Weighted Average Real Return		3.89%
Long-Term Inflation Expectation		3.00%
Long-Term Expected Normal Return		6.89%

Town of Easton, Connecticut

Notes to Financial Statements

Note 11. Municipal Employees' Retirement System

Plan Description: Police officers and fire department employees of the Town participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

Funding Policy: Plan members are required by State Statute to contribute 2-1/4% of earnings, upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 7% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2014 2013 and 2012 were \$350,961, \$327,219 and \$322,474, respectively, equal to the required contributions for each year.

Teachers' Retirement: All teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Town withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$7,212,169 or 75% of the total Board of Education payroll of \$9,588,078.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. The Town has recorded in the General Fund, intergovernmental revenue and education expenditures in the amount of \$1,788,000 as payments made by the State of Connecticut on-behalf of the Town's teachers. The Town does not have any liability for teacher pensions.

Defined Contribution Plan: Effective July 1, 2012, new hires can no longer participate in the Town's defined benefit plan; the Town established a 457 (b), 457 (f), 409A defined contribution plan. To be eligible to participate, employees must be at least 21 years old.

Note 12. Other Post-Employment Benefits

Plan Description and Benefits Provided:

Town: In addition to the pension benefits, all Town employees retiring under the Town of Easton Retirement Plan are provided post-employment benefits. The level of these benefits is determined by contract for all union employees and by a Town of Easton ordinance for all non-represented employees. Per contracts and ordinances, the Town pays the full cost of these benefits. Benefits provided are as follows:

Town of Easton, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits (Continued)

Non-Union Employees and Highway/Public Works Employees:

Eligibility for Medical, Dental and Life Coverage	Retirement on or after attaining age 55 with 5 years of service or after 25 years of service.
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance; spouse can continue coverage after retiree's death.
Plan of Coverage	Various fully insured medical plans. Medicare supplemental plan coverage on or after age 65.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	Fully paid for by retiree.

Police and Fire:

Eligibility for Medical, Dental and Life Coverage	Retirement on or after attaining age 55 with 5 years of service or after 25 years of service.
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance; spouse can continue coverage after retiree's death.
Plan of Coverage	Various fully insured medical plans. Medicare supplemental plan coverage on or after age 65.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	Fully paid for by retiree.

Board of Education: The Board of Education provides certain post-retirement benefits to retirees through negotiated contracts. Eligibility for benefits is as follows:

Teachers:

Eligibility for Medical, Dental and Life Coverage	Retirement under State of Connecticut Teachers Retirement Plan (age 50 with 30 years, age 55 with 25 years or 60 with 10 years).
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance (COBRA rates) spouse can continue coverage after retiree's death.
Plan of Coverage	Self-insured medical plan. Medicare supplement plan coverage on or after age 65 if eligible for Medicare.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	None.

Town of Easton, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits (Continued)

Other Board of Education Employees:

Eligibility for Medical, Dental and Life Coverage Eligible for COBRA only.

Custodians can participate in the Medicare Supplement Plan on or after age 65, at their own cost.

Membership: Membership in the plan consisted of the following at July 1, 2013:

	Town of Easton Retiree Medical Benefit Plan
Number of retirees and eligible surviving spouses	11
Number of active participants	177
Total	188

Description of Actuarial Assumptions and Methods: The following is a summary of certain significant actuarial assumptions and other PERS information:

	Town of Easton Retiree Medical Benefit Plan
Actuarial valuation date	July 1, 2012
Actuarial cost method	Projected Unit Credit Cost
Amortization method	Level Dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.5%/annum
Projected salary increases	N/A

Retirement Assumptions:

Town: Town, Fire and Police: Age 55 with 5 years of service or 25 years of service, minimum age 45.

Board of Education:

Teachers: Age 60 and 10 years service, or 25 years service. Early retirement – age 55 and 25 years service or 25 years service.

Other: Age 55 with 5 years of service or 25 years of service, minimum age 45.

Town of Easton, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligations: The Town's annual OPEB cost and net OPEB obligation for the current year were as follows:

	Town of Easton Retiree Medical Benefit Plan
Annual required contribution	\$ 237,345
Interest on net OPEB obligation	60,089
Adjustment to annual required contribution	<u>(78,456)</u>
Annual OPEB cost	218,978
Contribution made	<u>60,148</u>
Increase in net OPEB obligation	158,830
Net OPEB obligation, July 1, 2013	1,335,316
Net OPEB obligation, June 30, 2014	<u>\$ 1,494,146</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2014 is presented below:

	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/12	\$ 318,873	\$ (9,021)	-3.0%	\$ 1,121,432
6/30/13	322,112	108,228	34.0%	1,335,316
6/30/14	218,978	60,148	27.5%	1,494,146

Schedule of Funding Progress: The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The annual healthcare cost trend rate is 9%, decreasing by 0.5% per year with an ultimate rate of 5%. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$ 2,777,663	\$ 2,777,663	0%	\$ 12,665,797	22.0%
7/1/2010	\$ -	\$ 2,623,470	\$ 2,623,470	0%	\$ 12,712,616	21.0%
7/1/2012	\$ -	\$ 2,222,858	\$ 2,222,258	0%	\$ 13,338,378	17.0%

Town of Easton, Connecticut

Notes to Financial Statements

Note 12. Other Post-Employment Benefits (Continued)

Schedule of Employer Contributions:

Year Ended	Annual Required Contributions	Percentage Contributed
2012	\$ 329,788	-3%
2013	\$ 337,537	32%
2014	\$ 237,345	25%

Note 13. Contingent Liabilities

There are various lawsuits and claims pending against the Town, the ultimate effect of which, if any, cannot presently be determined; however, the ultimate resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

State and Federal grants received by the Town are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. The amount of expenditures which may be disallowed, if any, cannot be determined at this time; however, the Town's management believes any such disallowance will be immaterial.

Note 14. Subsequent Event

In July of 2014, the Town issued \$6,966,000 of bond anticipation notes with a maturity date of January 2015.

Note 15. Restatement of Balances

The Town's net position and fund balance was restated to properly report cash, deferred inflows of resources relating to unavailable revenue, and bond premium amounts from the prior year. The restatements were the result of correcting an error relating to the cash reconciliation and to properly recognize bond premiums and unavailable revenues. The restatement is detailed as follows:

	Net Position Governmental Activities	Fund Balance Bonded Capital Projects	Fund Balance Nonmajor Governmental
As previously reported:			
Fund Balance, June 30, 2013	\$ 64,025,698	\$ (8,268,277)	\$ 3,540,059
Due to/from reconciliation error	451,997	452,006	-
Recognition of deferred inflow	-	-	(584,061)
Bond premium recognition	(1,320,918)	-	-
As restated:			
Fund Balance, June 30, 2013	\$ 63,156,777	\$ (7,816,271)	\$ 2,955,998

Town of Easton, Connecticut

Notes to Financial Statements

Note 16. Governmental Accounting Standards Board (GASB) Statements

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and its amendment, GASB Statement No. 71, will be effective on July 1, 2014. This statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations, will be effective on July 1, 2014. This statement provides guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments.

Management has not yet determined the effect that the above GASB statements will have on the financial statements, except for GASB No. 68 will have an impact due to the recording of the net pension liability.

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Required Supplementary Information - *unaudited*

Town of Easton, Connecticut
 Required Supplementary Information – unaudited
 Schedule of Funding Progress and Schedule of Employer Contributions –
 Pension Trust Fund and OPEB
 June 30, 2014

RSI-1

Schedule of Funding Progress - Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/07	12,148,662	11,932,419	216,243	101.8%	3,653,568	5.9%
7/1/08	11,594,133	12,353,716	(759,583)	93.9%	3,976,807	-19.1%
7/1/09	9,129,252	12,922,832	(3,793,580)	70.6%	4,192,636	-90.5%
7/1/10	10,177,663	13,910,263	(3,732,600)	73.2%	4,481,747	-83.3%
7/1/11	12,450,507	14,493,708	(2,043,201)	85.9%	4,167,096	-49.0%
7/1/12	12,333,042	15,094,031	(2,760,989)	81.7%	4,185,068	-66.0%
7/1/13	14,255,507	16,085,685	(1,830,178)	88.6%	4,370,454	-41.9%

Schedule of Employer Contributions - Pension

Fiscal Year Ended	Actuarial Determined Contribution	Contribution in relation to ADEC	Contribution Deficiency (Excess)	Covered Payroll	Contribution as % of Coved payroll	Percentage Contributed
6/30/05	430,579	\$ 500,000	\$ 69,421	3,101,427	16%	116%
6/30/06	352,331	469,000	116,669	3,457,793	14%	133%
6/30/07	328,924	415,000	86,076	3,653,568	11%	126%
6/30/08	272,277	360,000	87,723	3,976,807	9%	132%
6/30/09	377,809	254,000	(123,809)	4,192,636	6%	67%
6/30/10	698,146	554,000	(144,146)	4,481,747	12%	79%
6/30/11	689,581	691,269	1,688	4,167,096	17%	100%
6/30/12	444,724	640,421	195,697	4,185,068	15%	144%
6/30/13	637,699	590,000	(47,699)	4,370,454	13%	93%
6/30/14	517,104	620,000	102,896	4,043,303	15%	120%

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll Covered
7/1/2008	\$ -	\$ 2,777,663	\$ (2,777,663)	0.00%	\$ 12,665,797	22%
7/1/2010	-	2,623,470	\$ (2,623,470)	0.00%	12,712,616	21%
7/1/2012	-	2,222,858	\$ (2,222,858)	0.00%	13,338,378	17%

Schedule of Employer Contributions - OPEB

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/09	\$ 331,272	30.00%
6/30/10	335,488	21.00%
6/30/11	315,538	6.00%
6/30/12	318,873	-3.00%
6/30/13	322,112	34.00%
6/30/14	218,978	27.00%

Required Supplementary Information - unaudited
 Schedule of Changes in the Town's Net Pension Liability and Related Ratios
 Last Fiscal Year
 June 30, 2014

	2014
Changes in Net Pension Liability	
Total Pension Liability	
Service cost	\$ 287,545
Interest on total pension liability	1,125,998
Effect of plan changes	(300,397)
Effect of assumption changes or inputs	493,047
Benefit payments	(724,931)
Net change in total pension liability	<u>881,262</u>
Total Pension Liability, beginning	<u>16,085,685</u>
Total pension liability, ending (a)	<u>16,966,947</u>
Fiduciary Net Position	
Employer contributions	\$ 620,000
Member contributions	186,906
Investment income net of investment expenses	2,396,966
Benefit payments	(724,931)
Administrative expenses	(10,200)
Net change in plan fiduciary net position	<u>2,468,741</u>
Fiduciary Net Position, beginning	<u>14,255,507</u>
Fiduciary net position, ending (b)	<u>16,724,248</u>
Net pension liability, ending = (a) - (b)	<u>\$ 242,699</u>
Fiduciary net position as a % of total pension liability	98.57%
Covered payroll	\$ 4,043,303
Net pension liability as a % of covered payroll	6.00%

NOTE: As 2014 is the implementation year, only 2014 information is available.

**Schedule of Revenues and Other Financing Sources - Budget and Actual
General Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Property Taxes				
Property taxes, current and prior	\$ 38,173,225	\$ 38,173,225	\$ 38,525,580	\$ 352,355
Interest and lien fees	110,000	110,000	319,743	209,743
Telephone access	19,856	19,856	52,691	32,835
Total property taxes	38,303,081	38,303,081	38,898,014	594,933
Intergovernmental				
Educational assistance:				
Special education and education cost share	651,536	651,536	622,784	\$ (28,752)
School building grant	-	-	43,091	43,091
Other	16,474	16,474	5,564	(10,910)
Total educational assistance	668,010	668,010	671,439	3,429
Town assistance:				
Town aid roads	226,956	226,956	227,623	\$ 667
Infrastructure	345,504	345,504	194,642	(150,862)
In lieu of tax loss - boats	-	-	-	-
Elderly tax relief	44,917	44,917	34,163	(10,754)
Tax relief for the totally disabled	-	-	103	103
State owned property	-	-	58,716	58,716
Municipal revenue sharing	-	-	-	-
Mashantucket Pequot grant	-	-	8,568	8,568
Civil preparedness	3,785	3,785	-	(3,785)
Property tax relief (veterans)	8,200	8,200	7,956	(244)
Miscellaneous	500	500	45,575	45,075
Total Town assistance grants	629,862	629,862	577,346	(52,516)
Total intergovernmental	1,297,872	1,297,872	1,248,785	(49,087)
Investment Income	175,000	175,000	126,299	(48,701)
Charges for Services				
Town Clerk	176,000	176,000	233,692	\$ 57,692
Building inspection fees and permits	150,000	150,000	144,780	(5,220)
Health Department	18,000	18,000	21,460	3,460
Planning and Zoning	16,785	16,785	17,112	327
Conservation Commission	4,000	4,000	7,469	3,469
Police Department	125,000	125,000	328,830	203,830
First Selectman	85,540	85,540	91,782	6,242
Municipal building leases	367,000	367,000	396,807	29,807

(Continued)

Schedule of Revenues and Other Financing Sources - Budget and Actual (Continued)
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Charges for Services (Continued)				
Fire Marshal	20	20	240	220
Parks and Recreation	-	-	-	-
Region 9 tuition	5,964	5,964	9,222	3,258
BOE tuition	7,682	7,682	19,959	12,277
Recycling bins	14,000	14,000	4,461	(9,539)
Highway Department	1,500	1,500	5,513	4,013
Other	368,500	368,500	501,908	133,408
Total charges for services	1,339,991	1,339,991	1,783,235	443,244
Total revenues	41,115,944	41,115,944	42,056,333	940,389
Other Financing Sources				
Transfer in - park and rec activity	24,541	24,541	16,236	(8,305)
Transfer in - EMS	95,000	95,000	95,000	-
Transfer in - Bonded capital projects	-	-	85,944	85,944
Total other financing sources	119,541	119,541	197,180	77,639
Total revenues and other financing sources	\$ 41,235,485	\$ 41,235,485	42,253,513	\$ 1,018,028
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf payments to the Connecticut State				
Teachers' Retirement System for Town teachers are not budgeted				
			<u>1,788,000</u>	
Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds - Exhibit IV			<u>\$ 44,041,513</u>	

**Schedule of Expenditures and Other Financing Uses - Budget and Actual
General Fund
For the Year Ended June 30, 2014**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
General Government					
Town Clerk	\$ 164,193	\$ 22,061	\$ 186,251	\$ 172,058	\$ 14,193
First Selectman	159,473	-	159,473	155,839	3,634
Probate Court	3,917	-	3,917	3,916	1
Registrar of Voters	50,256	-	50,256	48,469	1,787
Board of Finance	6,200	-	6,200	4,893	1,307
Auditors	38,385	-	38,385	37,235	1,150
Treasurer	187,334	6,359	193,693	188,956	4,737
Assessor	114,515	486	115,001	115,001	-
Board of Assessment Appeals	785	-	785	558	227
Tax Collector	87,757	-	87,757	82,368	5,389
Town attorney	150,000	-	150,000	130,002	19,998
Planning and Zoning Commission	116,492	(4,000)	112,492	111,646	846
Zoning Board of Appeals	7,598	-	7,598	6,716	882
Building Department	98,207	2,265	100,472	100,432	40
Technology computer	25,854	-	25,854	24,977	877
Town Hall	135,395	-	135,395	110,802	24,593
Communication dispatchers	232,020	-	232,020	218,013	14,007
Commission for the Elderly	54,830	-	54,830	54,323	507
Senior Center	173,627	3,432	177,059	177,062	(3)
SSS building	323,733	-	323,733	274,274	49,459
Cemetery	2,432	-	2,432	2,250	182
Public celebrations	250	-	250	109	141
Total general government	2,133,253	30,603	2,163,853	2,019,899	143,954
Public Safety					
Police Department	1,493,770	165,864	1,659,634	1,621,685	37,949
Fire Department	850,147	(22,984)	827,163	823,261	3,902
Fire Marshall	28,734	-	28,734	18,672	10,062
Emergency Management	10,850	-	10,850	10,216	634
Firehouse rent	41,000	-	41,000	41,000	-
Conservation Commission	37,966	-	37,966	37,820	146
Total public safety	2,462,467	142,879	2,605,346	2,552,654	52,692
Public Works					
Recycling	131,500	-	131,500	115,083	16,417
Highway Department	1,997,114	-	1,997,114	1,817,227	179,887
Street lights	1,400	-	1,400	1,266	134
Engineering and professional services	39,330	-	39,330	5,879	33,451
Total public works	2,169,344	-	2,169,344	1,939,455	229,889
Health and Welfare					
Health Director	73,381	-	73,381	69,729	3,652
EMS Commission	293,809	-	293,809	293,691	118
Welfare	4,144	-	4,144	2,718	1,426
Total health and welfare	371,334	-	371,334	366,138	5,196

(Continued)

Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
General Fund
For the Year Ended June 30, 2014

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive Negative
Education					
Easton Board of Education:					
General instruction	\$ 7,197,068	\$ (25,535)	\$ 7,171,533	\$ 7,149,957	21,576
Kindergarten	9,978	111	10,089	7,408	2,681
Humanities	40,082	(414)	39,668	33,325	6,343
Integrated language arts	30,703	611	31,314	36,536	(5,222)
Curriculum	67,686	1,692	69,378	43,785	25,593
Science/math technology	30,158	103,439	133,597	130,470	3,127
Physical education/health	6,418	2,743	9,161	8,654	507
Student Activity Co-curricular	-	331	331	331	-
Special services	32,480	(17,570)	14,910	5,552	9,358
Special education	3,275,458	9,756	3,285,214	3,249,345	35,869
Guidance	1,606	-	1,606	1,410	196
Health services	186,000	(2,058)	183,942	178,315	5,627
Psychological services	13,300	3,050	16,350	15,497	853
Speech services	16,200	(4,000)	12,200	6,126	6,074
Educational media services	77,846	1,084	78,930	78,713	217
Technology plan	298,694	9,808	308,502	346,515	(38,013)
Board of Education	83,985	-	83,985	125,647	(41,662)
Central administration	547,164	-	547,164	547,164	-
School administration	1,025,293	(3,044)	1,022,249	1,007,181	15,068
Operation/Maint. Physical Plant	1,603,953	(78,670)	1,525,283	1,517,491	7,792
Student transportation	874,938	-	874,938	894,501	(19,563)
Food service	2,800	(1,334)	1,466	30	1,436
Total Easton Board of Education	15,421,810	-	15,421,810	15,383,953	37,857
Regional School District No. 9	10,132,633	-	10,132,633	10,132,633	-
Total education	25,554,443	-	25,554,443	25,516,586	37,857
Library	581,366	-	581,366	552,238	29,128
Parks and Recreation					
Parks and Recreation Commission	362,560	-	362,560	353,555	9,005
Tree Warden	6,450	-	6,450	4,674	1,776
Total parks and recreation	369,010	-	369,010	358,229	10,781
Employee Benefits					
Pensions	1,042,435	-	1,042,435	1,039,827	2,608
Fringe benefits	1,861,672	-	1,861,672	1,730,272	131,400
Social Security and Medicare	431,000	-	431,000	396,911	34,089
Total employee benefits	3,335,107	-	3,335,107	3,167,010	168,097
Insurance	764,473	-	764,473	734,942	29,531
Other - Contingency	70,000	(58,756)	11,244	11,105	138

(Continued)

Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
General Fund
For the Year Ended June 30, 2014

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Debt Service					
Principal retirement	2,550,130	-	2,550,130	2,550,130	-
Interest payments	779,018	-	779,018	779,018	-
Fiscal agent fees	26,000	-	26,000	25,196	804
Total debt service	<u>3,355,148</u>	<u>-</u>	<u>3,355,148</u>	<u>3,354,344</u>	<u>804</u>
Total expenditures	<u>41,165,945</u>	<u>114,726</u>	<u>41,280,668</u>	<u>40,572,600</u>	<u>708,068</u>
Other Financing Uses					
Transfers out:					
Dog fund	81,108	-	81,108	81,108	-
Capital nonrecurring	-	74,000	74,000	74,000	-
Bonded capital projects	-	-	-	233,049	(233,049)
Total other financing uses	<u>81,108</u>	<u>74,000</u>	<u>155,108</u>	<u>388,157</u>	<u>(233,049)</u>
Total expenditures and other financing uses	<u>\$ 41,247,053</u>	<u>\$ 188,726</u>	<u>\$ 41,435,776</u>	<u>40,960,757</u>	<u>\$ 475,019</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State

Teachers' Retirement System for Town teachers are not budgeted

Other expenditures not recognized for budgetary purposes

1,788,000

143,002

**Total expenditures and other financing uses as reported on the
statement of revenues, expenditures and changes in fund
balances - governmental funds - Exhibit IV**

\$ 42,891,759

Note to Required Supplementary Information – unaudited

Note 1. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting: The Town adheres to the following procedures in establishing the budgetary data included in the financial statements of the General Fund, the only fund with a legally adopted annual budget. On or before the first Thursday in April, the Board of Finance submits to a Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- The budget is recommended by the Board of Finance at a Town Meeting and, if accepted, is adopted prior to July 1.
- The Board of Finance is authorized to transfer budgeted amounts within and between departments and to approve the first additional appropriation for a department, not to exceed \$20,000, in any one year. Additional appropriations after the first or in excess of \$20,000 must be approved by vote of a Town Meeting. During the year, the Board of Finance or Town Meeting approved additional appropriations of \$22,863 from fund balance.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval.
- Generally, all unencumbered appropriations lapse at year end, except for those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Deficit Fund Balance: The following funds had fund balance deficits at June 30, 2014:

Major Fund	
Bonded Capital Projects	\$ (7,422,305)
Nonmajor Funds:	
Senior Center	(10,378)
Solid Waste Program	(29,506)
EMS Special Services	(11,934)
Senior Center Leasing Buyout	(4,817)
Senior Center Van	(10,871)

The nonmajor fund deficits will be eliminated in the future with charges for services and contributions. The major fund deficit will be eliminated through permanent financing of short- term debt.

**Combining and Individual
Fund Financial Statements and Other Schedules**

General Fund

Balance Sheet
General Fund
June 30, 2014 and 2013

	2014
Assets	
Cash and Cash Equivalents	\$ 3,406,398
Investments	4,206,772
Property Taxes Receivable, net of allowance for uncollectible amounts	1,755,001
Accounts Receivable	146,224
Total assets	<u><u>\$ 9,514,395</u></u>
Liabilities, Deferred Inflow of Resources and Fund Balances	
Liabilities	
Accounts payable	919,908
Accrued liabilities	949,870
Due to Regional School District No. 9	666,521
Due to other funds	106,756
Unearned revenue	74,979
Total liabilities	<u>2,718,034</u>
Deferred inflows of resources - unavailable revenue	<u>1,696,107</u>
Fund Balances	
Assigned for subsequent year's budget	180,000
Assigned for potential claims	140,000
Unassigned	4,780,254
Total fund balance	<u>5,100,254</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 9,514,395</u></u>

Town of Easton, Connecticut

Exhibit A-2

Report of Tax Collector
For the Year Ended June 30, 2014

Grand List Year	Uncollected Taxes/Levy July 1, 2013	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2014
			Additions	Deletions			Taxes	Liens and Interest	Total	
2012	\$ -	\$ 38,636,759	\$ 35,895	\$ 101,236	\$ -	\$ 38,571,418	\$ 38,019,338	\$ 99,895	\$ 38,119,233	\$ 552,080
2011	590,992	-	8,051	12,426	-	586,617	253,433	51,283	304,716	333,184
2010	363,661	-	1,358	381	16,647	347,991	123,784	63,333	187,117	224,207
2009	280,840	-	-	-	-	280,840	112,700	64,797	177,497	168,140
2008	145,726	-	-	-	-	145,726	82,172	34,581	116,753	63,554
2007	45,940	-	-	-	-	45,940	21,912	19,462	41,374	24,028
2006	17,418	-	-	-	-	17,418	1,378	3,245	4,623	16,040
2005	451	-	-	-	-	451	-	-	-	451
2004	2,042	-	-	-	-	2,042	-	-	-	2,042
2003	985	-	-	-	-	985	-	-	-	985
2002	768	-	-	-	-	768	-	-	-	768
2001	733	-	-	-	-	733	-	-	-	733
2000	302	-	-	-	-	302	-	-	-	302
1999	2,304	-	-	-	-	2,304	-	-	-	2,304
1998	370	-	-	-	-	370	-	-	-	370
1997	3,201	-	-	-	-	3,201	-	-	-	3,201
Total	\$ 1,455,733	\$ 38,636,759	\$ 45,304	\$ 114,043	\$ 16,647	\$ 40,007,106	38,614,717	\$ 336,596	\$ 38,951,313	\$ 1,392,389
Property taxes receivable considered available:										
June 30, 2013							(170,524)			
June 30, 2014							94,309			
Property tax revenues							<u>\$ 38,538,502</u>			

Nonmajor Governmental Funds

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Town of Easton, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds			
	Education Grants	Easton Day	Police Donations	Police Grants
Assets				
Cash	\$ 17,215	\$ 4,559	\$ 6,333	\$ 151,734
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 17,215	\$ 4,559	\$ 6,333	\$ 151,734
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 13,639	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Total liabilities	13,639	-	-	-
Deferred Inflows of resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	13,639	-	-	-
Fund Balances				
Restricted	3,576	-	6,333	151,734
Committed	-	4,559	-	-
Unassigned	-	-	-	-
Total fund balances	3,576	4,559	6,333	151,734
Total liabilities and fund balances	\$ 17,215	\$ 4,559	\$ 6,333	\$ 151,734

Special Revenue Funds								
Senior Center	Agriculture Land Preservation	Cemetery Fund	Dog Fund	D.A.R.E.	Parks and Recreation Activity Fund	Solid Waste Program	Library	
	\$ 66,495	\$ 18,065	\$ 152,822	\$ 50,549	\$ 118,805	\$ -	\$ 319,811	
-	-	-	-	-	-	-	731,831	
-	-	-	1,895	-	-	45,277	-	
-	-	-	-	-	-	-	-	
<u>\$ -</u>	<u>\$ 66,495</u>	<u>\$ 18,065</u>	<u>\$ 154,717</u>	<u>\$ 50,549</u>	<u>\$ 118,805</u>	<u>\$ 45,277</u>	<u>\$ 1,051,642</u>	
\$ 7,379	\$ -	\$ -	\$ 3,841	\$ 275	\$ 9,851	\$ 74,783	\$ -	
2,999	-	-	-	-	-	-	-	
<u>10,378</u>	<u>-</u>	<u>-</u>	<u>3,841</u>	<u>275</u>	<u>9,851</u>	<u>74,783</u>	<u>-</u>	
-	-	-	-	-	-	-	-	
-	-	-	3,841	275	9,851	74,783	-	
-	-	-	-	-	-	-	-	
-	66,495	18,065	150,876	50,274	108,954	-	1,051,642	
(10,378)	-	-	-	-	-	(29,506)	-	
<u>(10,378)</u>	<u>66,495</u>	<u>18,065</u>	<u>150,876</u>	<u>50,274</u>	<u>108,954</u>	<u>(29,506)</u>	<u>1,051,642</u>	
<u>\$ -</u>	<u>\$ 66,495</u>	<u>\$ 18,065</u>	<u>\$ 154,717</u>	<u>\$ 50,549</u>	<u>\$ 118,805</u>	<u>\$ 45,277</u>	<u>\$ 1,051,642</u>	

(Continued)

Town of Easton, Connecticut

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

June 30, 2014

	Special Revenue Funds			
	Open Space	EMS Special Services	Police Asset	Records Preservation
Assets				
Cash	\$ 785,492	\$ -	\$ 248,633	\$ 18,473
Investments	-	-	-	-
Accounts receivable	-	3,703	-	8
Due from other governments	-	-	-	-
Total assets	\$ 785,492	\$ 3,703	\$ 248,633	\$ 18,481
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 15,637	\$ 171,112	\$ -
Unearned revenue	-	-	-	-
Total liabilities	-	15,637	171,112	-
Deferred Inflows of resources				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances				
Restricted	-	-	-	-
Committed	785,492	-	77,521	18,481
Unassigned	-	(11,934)	-	-
Total fund balances	785,492	(11,934)	77,521	18,481
Total liabilities and fund balances	\$ 785,492	\$ 3,703	\$ 248,633	\$ 18,481

Special Revenue Funds							
Paine Barn Fund	Social Service	Town Hall Grants	Senior Center Leasing Buyout	Miscellaneous Grants	Town Clerk Community Fee	Land Acquisition	
\$ 6,614	\$ 38,781	\$ 1,283	\$ -	\$ 33,768	\$ 17,567	\$ 8,752	
-	-	-	-	-	-	-	
-	-	50	-	-	58	-	
-	-	-	-	-	-	-	
<u>\$ 6,614</u>	<u>\$ 38,781</u>	<u>\$ 1,333</u>	<u>\$ -</u>	<u>\$ 33,768</u>	<u>\$ 17,625</u>	<u>\$ 8,752</u>	
\$ -	\$ -	\$ -	\$ 4,817	\$ -	\$ 50	\$ -	
-	-	-	-	-	-	-	
-	-	-	4,817	-	50	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	33,768	-	-	
6,614	38,781	1,333	-	-	17,575	8,752	
-	-	-	(4,817)	-	-	-	
<u>6,614</u>	<u>38,781</u>	<u>1,333</u>	<u>(4,817)</u>	<u>33,768</u>	<u>17,575</u>	<u>8,752</u>	
<u>\$ 6,614</u>	<u>\$ 38,781</u>	<u>\$ 1,333</u>	<u>\$ -</u>	<u>\$ 33,768</u>	<u>\$ 17,625</u>	<u>\$ 8,752</u>	

(Continued)

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Senior Center Van	9/11 Memorial Fund	Field Usage Fund	Capital Nonrecurring Projects	
Assets					
Cash	\$ -	\$ 1,053	\$ 15,634	\$ 139,262	\$ 2,221,700
Investments	-	-	-	-	731,831
Accounts receivable	2,611	-	420	-	54,022
Due from other governments	-	-	-	584,061	584,061
Total assets	\$ 2,611	\$ 1,053	\$ 16,054	\$ 723,323	\$ 3,591,614
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable	\$ 13,482	\$ -	\$ 4,953	\$ 13,837	\$ 333,656
Unearned revenue	-	-	-	-	2,999
Total liabilities	13,482	-	4,953	13,837	336,655
Deferred Inflows of resources					
Unavailable revenue	-	-	-	584,061	584,061
Total deferred inflows of resources	-	-	-	584,061	584,061
Fund Balances					
Restricted	-	-	-	-	195,411
Committed	-	1,053	11,101	125,425	2,542,993
Unassigned	(10,871)	-	-	-	(67,506)
Total fund balances	(10,871)	1,053	11,101	125,425	2,670,898
Total liabilities and fund balances	\$ 2,611	\$ 1,053	\$ 16,054	\$ 723,323	\$ 3,591,614

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Town of Easton, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2014

	Special Revenue Funds			
	Education Grants	Easton Day	Police Donations	Police Grants
Revenues				
Intergovernmental	\$ 251,345	\$ -	\$ -	\$ 16,230
Charges for services	-	7	-	-
Investment income	-	-	-	-
Contributions	-	-	130	-
Total revenues	251,345	7	130	16,230
Expenditures				
Current:				
General Government	\$ -	\$ -	\$ -	\$ -
Public Safety	-	-	1,642	13,581
Public Works	-	-	-	-
Health and Welfare	-	-	-	-
Education	251,266	-	-	-
Library	-	-	-	-
Parks and Recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	251,266	-	1,642	13,581
Excess (deficiency) of revenues over expenditures	79	7	(1,512)	2,649
Other Financing Sources (Uses)				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	79	7	(1,512)	2,649
Fund Balances, beginning of year	3,497	4,552	7,845	149,085
Fund Balances, end of year	\$ 3,576	\$ 4,559	\$ 6,333	\$ 151,734

Special Revenue Funds								
Senior Center	Agriculture Land Preservation	Cemetery Fund	Dog Fund	D.A.R.E.	Parks and Recreation Activity Fund	Solid Waste Program	Library	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27,594	366	-	12,920	-	300,258	287,820	10,721	23,044
-	112	48	-	-	-	-	-	-
-	-	-	-	7,366	-	-	-	-
27,594	478	48	12,920	7,366	300,258	287,820	33,765	
\$ 28,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	95,302	6,291	-	-	-	-
-	-	-	-	-	-	298,733	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	10,782
-	-	-	-	-	318,867	-	-	-
-	-	-	-	-	-	-	-	-
28,202	-	-	95,302	6,291	318,867	298,733	10,782	
(608)	478	48	(82,382)	1,075	(18,609)	(10,913)	22,983	
-	-	-	-	-	(16,236)	-	-	
-	-	-	81,108	-	-	-	-	
-	-	-	81,108	-	(16,236)	-	-	
(608)	478	48	(1,274)	1,075	(34,845)	(10,913)	22,983	
(9,770)	66,017	18,017	152,150	49,199	143,799	(18,593)	1,028,659	
\$ (10,378)	\$ 66,495	\$ 18,065	\$ 150,876	\$ 50,274	\$ 108,954	\$ (29,506)	\$ 1,051,642	

(Continued)

Town of Easton, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			
	Open Space	EMS Special Services	Police Asset	Records Preservation
Revenues				
Intergovernmental	\$ 20,224	\$ -	\$ -	\$ -
Charges for services	-	114,007	-	1,547
Investment income	1,331	-	342	-
Contributions	-	-	-	-
Total revenues	21,555	114,007	342	1,547
Expenditures				
Current:				
General Government	\$ 20,225	\$ -	\$ -	\$ -
Public Safety	-	-	28,526	-
Public Works	-	-	-	-
Health and Welfare	-	46,644	-	-
Education	-	-	-	-
Library	-	-	-	-
Parks and Recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	20,225	46,644	28,526	-
Excess (deficiency) of revenues over expenditures	1,330	67,363	(28,184)	1,547
Other Financing Sources (Uses)				
Transfers out	-	(95,000)	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	-	(95,000)	-	-
Net change in fund balances	1,330	(27,637)	(28,184)	1,547
Fund Balances, beginning of year	784,162	15,703	105,705	16,934
Fund Balances, end of year	\$ 785,492	\$ (11,934)	\$ 77,521	\$ 18,481

Special Revenue Funds							
Paine Barn Fund	Social Service	Town Hall Grants	Senior Center Leasing Buyout	Miscellaneous Grants	Town Clerk Community Fee	Land Acquisition	
\$ -	\$ -	\$ 8,346	\$ -	\$ 5,000	\$ -	\$ -	\$ -
-	-	45	-	-	2,116	-	-
13	-	-	-	-	-	-	472
-	3,175	-	-	-	-	-	-
13	3,175	8,391	-	5,000	2,116	-	472
\$ -	\$ -	\$ 8,368	\$ -	\$ 2,723	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,702	600	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,702	8,968	-	2,723	-	-	-
13	473	(577)	-	2,277	2,116	-	472
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13	473	(577)	-	2,277	2,116	-	472
6,601	38,308	1,910	(4,817)	31,491	15,459	-	8,280
\$ 6,614	\$ 38,781	\$ 1,333	\$ (4,817)	\$ 33,768	\$ 17,575	\$ -	\$ 8,752

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Senior Center Van	9/11 Memorial Fund	Field Usage Fund	Capital Nonrecurring Projects	
Revenues					
Intergovernmental	\$ 29,831	\$ -	\$ -	\$ -	\$ 330,976
Charges for services	-	-	63,065	-	820,466
Investment income	-	-	-	78	25,440
Contributions	-	-	-	-	10,671
Total revenues	29,831	-	63,065	78	1,187,475
Expenditures					
Current:					
General Government	\$ 29,597	\$ -	\$ -	\$ 17,991	\$ 107,106
Public Safety	-	-	-	-	145,342
Public Works	-	-	-	-	298,733
Health and Welfare	-	-	-	-	49,946
Education	-	-	-	-	251,266
Library	-	-	-	-	10,782
Parks and Recreation	-	-	61,481	-	380,348
Capital outlay	-	-	-	273,002	273,002
Total expenditures	29,597	-	61,481	290,993	1,225,532
Excess (deficiency) of revenues over expenditures	234	-	1,584	(290,915)	(328,972)
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	(111,236)
Transfers in	-	-	-	74,000	155,108
Total other financing sources (uses)	-	-	-	74,000	43,872
Net change in fund balances	234	-	1,584	(216,915)	(285,100)
Fund Balances, beginning of year - as restated*	(11,105)	1,053	9,517	342,340	2,955,998
Fund Balances, end of year	\$ (10,871)	\$ 1,053	\$ 11,101	\$ 125,425	\$ 2,670,898

*Relates to the Capital Nonrecurring Projects fund.

Fiduciary Funds

**Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Fiscal Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Assets				
Cash				
Performance and road bonds	\$ 1,568,136	\$ 22,928	\$ -	\$ 1,591,064
Student activity	59,739	164,028	154,183	69,584
Total assets	\$ 1,627,875	\$ 186,956	\$ 154,183	\$ 1,660,648
Liabilities				
Accounts Payable				
Performance and road bonds	\$ 1,568,136	\$ 22,928	\$ -	\$ 1,591,064
Student activity	59,739	164,028	154,183	69,584
Total liabilities	\$ 1,627,875	\$ 186,956	\$ 154,183	\$ 1,660,648

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Other Schedules

**Schedule of Debt Limitation
June 30, 2014**

Total Tax Collections (including interest and lien fees):	
For the year ended June 30, 2014:	
Town of Easton	\$ 38,614,717
Reimbursement for Revenue Loss	
Tax relief for elderly freeze	<u>34,613</u>
Base for debt limitation computation	<u><u>\$ 38,649,330</u></u>

	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
Debt Limitation					
2-1/4 times base	\$ 86,960,993	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	173,921,985	-	-	-
3-3/4 times base	-	-	144,934,988	-	-
3-1/4 times base	-	-	-	125,610,323	-
3 times base	-	-	-	-	115,947,990
Total debt limitation	<u>86,960,993</u>	<u>173,921,985</u>	<u>144,934,988</u>	<u>125,610,323</u>	<u>115,947,990</u>
Indebtedness					
Bonds payable	4,061,000	18,134,000	260,000	-	-
Bond anticipation notes payable	5,466,500	1,905,500	-	-	-
Authorized, unissued debt	183,000	23,059	-	-	-
Easton portion of Regional School District No. 9 bonds	-	7,085,669	-	-	-
School building grant	-	(4,798)	-	-	-
Net indebtedness	<u>9,710,500</u>	<u>27,143,430</u>	<u>260,000</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of indebtedness	<u><u>\$ 77,250,493</u></u>	<u><u>\$ 146,778,555</u></u>	<u><u>\$ 144,674,988</u></u>	<u><u>\$ 125,610,323</u></u>	<u><u>\$ 115,947,990</u></u>

In no event shall total indebtedness exceed \$270,535,221 or seven times the base for debt limitation computation.

Capital Projects Authorizations
June 30, 2014

Capital Project Fund	Authorization	Current Year Expenditures	Cumulative Expenditures	Balance June 30, 2014
Capital Nonrecurring:				
Wells Hill bridge	\$ 729,324	\$ 8,520	\$ 625,680	\$ 103,644
Town improvement trust fund	49,583	-	41,966	7,617
Fire truck	1,257,420	-	1,116,063	141,357
EMS ambulance	281,400	-	276,106	5,294
Heat and smoke systems	6,500	-	-	6,500
Toth Park pavilion	27,860	-	27,860	-
Senior Center van	100,160	-	100,141	19
Bandstand site	5,000	-	5,000	-
Fire code work	14,925	-	14,730	195
Subdivision funds	105,455	-	-	105,455
Planning and Zoning Town plans	56,250	-	47,599	8,651
Town garage	122,285	-	110,981	11,304
Highway salt shed	415,500	-	7,410	408,090
Unimproved Town Aid Roads	65,138	-	65,138	-
EMS defibrillator	65,355	-	64,260	1,095
EMS - generator	10,375	-	7,522	2,853
Revaluation	408,926	1,270	406,564	2,362
Telephone System Town Hall	6,500	-	6,495	5
Central Office Relocation SP approp.	19,500	-	19,244	256
Fire Department breathing apparatus	77,500	-	77,353	147
Park and Recreation Veterans Park	46,050	-	44,810	1,240
Park and Recreation Toth Park-DEP	21,225	-	18,455	2,770
Morehouse Road Little League Fields	105,000	-	99,695	5,305
Fire hydrants	5,299	-	4,250	1,049
Garage	26,822	-	25,368	1,454
Senior Center renovation	117,830	-	117,830	-
UST/Line upgrade	47,301	-	47,301	-
Highway trucks	298,700	1,102	283,981	14,719
Staples renovation fire suppression	455,000	-	382,051	72,949
EMS building renovations	56,805	-	54,818	1,987
Town financials	4,800	-	3,814	986
Animal shelter	593,150	69,296	592,620	530
Town Hall vault	5,000	-	4,942	58
423-660 Morehouse Rd. Lead paint	148,500	67,100	130,889	17,611
Morehouse Rd. repair and permanent	116,000	116,000	116,000	-
Fire Radios - LOCIP	32,419	9,714	31,937	482
EMS Radios - LOCIP	34,045	-	31,793	2,252
Public Works Radios - LOCIP	79,040	-	-	79,040
	<u>\$ 6,017,942</u>	<u>\$ 273,002</u>	<u>\$ 5,010,665</u>	<u>\$ 1,007,277</u>
Bonded Capital Projects:				
Water main extension	\$ 363,164	\$ 76,179	\$ 363,164	\$ -
School Building Committee "2001"	31,239,088	-	31,195,429	43,659
Staples Elementary	1,643,500	-	1,614,554	28,946
C.O. bonding authorization	370,858	-	370,412	446
South Park Avenue	6,450,000	59,265	6,286,178	163,822
HKMS School Building	11,168,617	-	11,164,486	4,131
	<u>\$ 51,235,227</u>	<u>\$ 135,444</u>	<u>\$ 50,994,223</u>	<u>\$ 241,004</u>