

# **Town of Easton, Connecticut**

Financial Report  
June 30, 2017



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RSM US LLP

## 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, the major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of and for the year ended June 30, 2017, 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, the major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB related schedules as listed in the table of contents, 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 January 12, 2018 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 solely 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 the effectiveness of the Town's 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.

*RSM US LLP*

New Haven, Connecticut  
January 12, 2018

**Town of Easton, Connecticut**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2017**

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Management of the Town of Easton ("the Town") offers readers these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017.

This MD&A provides an introduction to the basic financial statements to the Town and an analytical overview of the Town's financial activities results for fiscal year ended June 30, 2017.

**Financial Highlights**

- The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent year by \$73,235,930 (net position). Of this amount, \$7,564,668 (unrestricted net position) may be used to meet ongoing obligations.
- The Town's total net position increased by \$2,754,110. Substantially all of the increase is attributable to better than expected revenues and expenditures that were less than expected.
- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$11,467,143.
- At the end of the current fiscal year, the unassigned fund balance of the general fund was \$7,043,106 or 15.6% of total general fund expenditures and transfers out.

**Overview of the 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.

**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 the net position. Over time, increases or decreases in the 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 governmental functions that are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include general government services, public safety, public works, health and welfare services, education, library operations, 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 resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the 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 which is 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 as required supplementary information 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 pension and other post-employment (OPEB) benefits and General Fund budgetary information.

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

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$73,235,930 as of June 30, 2017.

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, infrastructure, 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.

**Town of Easton, Connecticut**

	<b>Summary Statement of Net Position</b>	
	<b>Governmental</b>	
	<b>Activities</b>	
	<b>June 30,</b>	June 30,
	<b>2017</b>	2016
Current and other assets	<b>\$ 15,661,682</b>	\$ 14,476,168
Capital assets	<b>87,946,406</b>	89,111,824
<b>Total assets</b>	<b>103,608,088</b>	103,587,992
Deferred outflows of resources	<b>2,302,360</b>	2,765,337
Long-term obligations outstanding	<b>29,396,771</b>	27,909,973
Other liabilities	<b>3,122,094</b>	7,558,687
<b>Total liabilities</b>	<b>32,518,865</b>	35,468,660
Deferred inflows of resources	<b>155,653</b>	402,849
Net position		
Net investments in capital assets	<b>65,671,262</b>	63,906,406
Restricted	-	198,611
Unrestricted	<b>7,564,668</b>	6,376,803
<b>Total net position</b>	<b>\$ 73,235,930</b>	\$ 70,481,820

The unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

**Town of Easton, Connecticut**

**Summary Schedule of Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Revenues		
Program revenues:		
Charges for services	\$ 2,231,335	\$ 2,367,435
Operating grants and contributions	3,248,952	2,720,348
Capital grants and contributions	40,000	-
General revenues:		
Property taxes	41,675,855	40,730,595
Grants and contributions not restricted to specific purposes	207,713	239,839
Investment income	106,090	167,028
<b>Total revenues</b>	<b>47,509,945</b>	<b>46,225,245</b>
Program expenses		
General government	3,015,640	2,305,505
Public safety	3,126,102	3,142,130
Public works	3,086,184	2,768,546
Health and welfare	674,170	489,342
Education	32,567,827	32,706,026
Library	774,315	763,850
Parks and recreation	890,907	910,542
Interest expense	620,690	420,472
<b>Total expenses</b>	<b>44,755,835</b>	<b>43,506,413</b>
<b>Change in net position</b>	<b>2,754,110</b>	<b>2,718,832</b>
Net position		
Beginning	70,481,820	67,762,988
Ending	<b>\$ 73,235,930</b>	<b>\$ 70,481,820</b>

**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, an unreserved fund balance may serve as a useful measure of a Town's net resources that are available at the end of the fiscal year to meet future needs and obligations incurred.

As of June 30, 2017, the Town's governmental funds had a combined ending fund balance of \$11,467,143.

The general fund is the operating fund of the Town. The unassigned fund balance was \$7,043,106. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total general fund expenditures. The unassigned fund balance represents 15.6% of total general fund expenditures and transfers out, while total general fund- fund balance represents 17.1% of that same amount.

**General Fund Budgetary Highlights**

The most significant difference between the original budget and the final amended budget included additional appropriations of \$23,328 to the Emergency Management and Pension budgets. Additionally, \$268,962 was transferred from police special service revenue to cover expenditures.

The following departments had positive budget variances as follows:

- Fringe Benefits in the amount of \$319,277 due to increased employee contributions, the election to accept "in lieu of" medical coverage with no significant event changes.
- The Public Works department in the amount of \$303,465 due to personnel vacancy, a less severe winter that saved overtime cost and the use of less highway road salt.
- Town Attorney fees in the amount of \$67,150 due to legal postponements.
- Board of Education in the amount of \$435,104, due to salary savings and less than expected, special education and transportation costs.

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

	Governmental Activities	
	2017	2016
Land	\$ 19,859,020	\$ 19,859,020
Construction in progress	24,430	24,430
Land improvements	380,586	402,331
Buildings	49,185,039	50,005,064
Building improvements	1,171,128	1,213,797
Machinery and equipment	776,382	808,228
Vehicles	2,637,591	2,561,993
Infrastructure	13,912,230	14,236,961
<b>Total</b>	<b>\$ 87,946,406</b>	<b>\$ 89,111,824</b>

## **Capital Assets and Debt Administration**

**Capital assets.** The Town's investment in capital assets as of June 30, 2017 is \$ 87,946,406 (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:

- The Town expended approximately \$171,000 for the purchase of a dump truck.
- 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.

**Debt.** At June 30, 2017, the Town had total debt outstanding of \$21,257,000. All of this debt comprises debt backed by the full faith and credit of the Town.

### **Town of Easton, Connecticut Outstanding General Obligation Bonds and Notes**

	Governmental Activities	
	2017	2016
General obligation bonds - Town improvements	\$ 2,529,000	\$ 2,964,000
General obligation bonds - School improvements	14,232,000	16,175,000
General obligation bonds - Sewer improvements	194,000	216,000
Bond anticipation notes	4,302,000	4,610,000
<b>Total</b>	<b>\$ 21,257,000</b>	<b>\$ 23,965,000</b>

The Town is also obligated for a portion of the Regional School District No. 9 general obligation debt in the net amount of \$7,288,495.

On December 14, 2016, the Town issued \$4,302,000 of bond anticipation notes (BAN's). The BAN's which were issued for land acquisition incurred interest at 2.0%, and matured on December 13, 2017. The Town issued a direct purchase bond on December 13, 2017 in the amount of \$3,994,000. The direct purchase bond incurs interest at 2.28% and matures in 2030 and has been included in long-term obligations.

During the fiscal year, the Town made bond principal payments of \$2,400,000 against outstanding 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 seven 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 \$286,634,747 which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term and short-term debt can be found in Notes 6 and 7.

### **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 2017 fiscal year:

- The unemployment rate for the Town is currently 3.5%. This compares favorably to the state's average unemployment rate of 4.5% and the national average rate of 4.1%.
- 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 2017 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, 2017, the unassigned fund balance in the general fund was \$7,043,106.

### **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 Finance Director, Town of Easton, 225 Center Road, Easton, Connecticut 06612.

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## **Basic Financial Statements**



Town of Easton, Connecticut

Statement of Net Position  
June 30, 2017

	Governmental Activities
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 8,815,367
Investments	5,083,114
Receivables, net	1,763,201
<b>Total current assets</b>	<u>15,661,682</u>
Noncurrent assets:	
Capital assets:	
Capital assets, not being depreciated	19,883,450
Capital assets, being depreciated, net	68,062,956
<b>Total capital assets</b>	<u>87,946,406</u>
<b>Total assets</b>	<u>103,608,088</u>
<b>Deferred Outflows of Resources</b>	
Deferred pension expense	2,302,360
<b>Total deferred outflows of resources</b>	<u>2,302,360</u>
<b>Liabilities</b>	
Accounts payable and accrued expenses	2,206,504
Due to Regional School District No. 9	563,145
Unearned revenue	44,445
Bond anticipation notes	308,000
Noncurrent Liabilities:	
Due within one year	2,885,518
Due in more than one year	26,511,253
<b>Total liabilities</b>	<u>32,518,865</u>
<b>Deferred Inflows of Resources</b>	
Deferred pension credit	155,653
<b>Total deferred inflows of resources</b>	<u>155,653</u>
<b>Net Position</b>	
Net investments in capital assets	65,671,262
Unrestricted	7,564,668
<b>Total net position</b>	<u>\$ 73,235,930</u>

See notes to financial statements.

**Town of Easton, Connecticut**

**Statement of Activities  
For the Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental activities:</b>					
General government	\$ 3,015,640	\$ 561,468	\$ 81,632	\$ -	\$ (2,372,540)
Public safety	3,126,102	536,388	-	40,000	(2,549,714)
Public works	3,086,184	325,960	152,153	-	(2,608,071)
Health and welfare	674,170	459,646	-	-	(214,524)
Education	32,567,827	7,349	3,015,167	-	(29,545,311)
Library	774,315	18,769	-	-	(755,546)
Park and recreation	890,907	321,755	-	-	(569,152)
Interest and fiscal charges	620,690	-	-	-	(620,690)
<b>Total governmental activities</b>	<b>\$ 44,755,835</b>	<b>\$ 2,231,335</b>	<b>\$ 3,248,952</b>	<b>\$ 40,000</b>	<b>(39,235,548)</b>
<b>General revenues:</b>					
					41,675,855
					207,713
					106,090
					<b>41,989,658</b>
					2,754,110
					70,481,820
					<b>\$ 73,235,930</b>

See notes to financial statements.

**Town of Easton, Connecticut**

**Balance Sheet - Governmental Funds  
June 30, 2017**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 5,810,854	\$ 3,004,513	\$ 8,815,367
Investments	4,194,600	888,514	5,083,114
Receivables:			
Property taxes and accrued interest, net	1,571,233	-	1,571,233
Accounts	69,582	76,422	146,004
Intergovernmental	-	45,964	45,964
Due from other funds	-	213,433	213,433
<b>Total assets</b>	<b>\$ 11,646,269</b>	<b>\$ 4,228,846</b>	<b>\$ 15,875,115</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>			
Liabilities:			
Accounts payable	\$ 697,014	\$ 92,364	\$ 789,378
Accrued liabilities	916,541	-	916,541
Unearned revenue	-	44,445	44,445
Due to Regional School District No.9	563,145	-	563,145
Due to other funds	313,433	-	313,433
Bond anticipation notes	-	308,000	308,000
<b>Total liabilities</b>	<b>2,490,133</b>	<b>444,809</b>	<b>2,934,942</b>
Deferred inflows of resources:			
Unavailable revenue	1,473,030	-	1,473,030
<b>Total deferred inflows of resources</b>	<b>1,473,030</b>	<b>-</b>	<b>1,473,030</b>
Fund balances (deficits):			
Restricted	-	1,606,812	1,606,812
Committed	-	2,202,307	2,202,307
Assigned	640,000	-	640,000
Unassigned	7,043,106	(25,082)	7,018,024
<b>Total fund balances (deficits)</b>	<b>7,683,106</b>	<b>3,784,037</b>	<b>11,467,143</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 11,646,269</b>	<b>\$ 4,228,846</b>	<b>\$ 15,875,115</b>

See notes to financial statements.

**Town of Easton, Connecticut**

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position  
June 30, 2017**

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Amounts reported for governmental activities in the statement of net position are different because of the following:	
Fund balances - total governmental funds	<u>\$ 11,467,143</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	125,802,746
Less accumulated depreciation	<u>(37,856,340)</u>
<b>Net capital assets</b>	<u>87,946,406</u>
Deferred pension credit - Pension Plan	(106,866)
Deferred pension credit - MERS	(48,787)
Deferred pension expense - Pension Plan	1,144,671
Deferred pension expense - MERS	1,157,689
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recorded in the funds:	
Property tax receivables greater than 60 days	1,048,847
Interest receivable on property taxes	350,602
Intergovernmental revenue	73,581
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.	
	(196,039)
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	(20,949,000)
Net pension liability - Pension Plan	(2,636,248)
Net pension liability - MERS	(2,252,354)
Compensated absences	(810,252)
Capital lease payable	(267,524)
Net other post employment benefit obligations	(1,130,536)
Interest payable on bonds and notes	(204,546)
Unamortized bond premium	(750,620)
Heart and hypertension	<u>(600,237)</u>
Net position of governmental activities	<u>\$ 73,235,930</u>

See notes to financial statements.

**Town of Easton, Connecticut**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2017**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property taxes	\$ 41,081,724	\$ -	\$ 41,081,724
Intergovernmental	3,216,630	351,890	3,568,520
Charges for services	1,437,609	775,168	2,212,777
Investment income	25,973	80,117	106,090
Contributions	-	40,000	40,000
<b>Total revenues</b>	<b>45,761,936</b>	<b>1,247,175</b>	<b>47,009,111</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	2,097,652	85,927	2,183,579
Public safety	2,908,323	109,293	3,017,616
Public works	1,994,864	250,626	2,245,490
Health and welfare	561,981	37,590	599,571
Education	28,889,950	235,465	29,125,415
Library	623,341	20,211	643,552
Parks and recreation	420,225	321,484	741,709
Employee benefits	2,925,243	-	2,925,243
Insurance	804,698	-	804,698
Debt service	3,092,943	-	3,092,943
Capital outlay	234,166	113,515	347,681
<b>Total expenditures</b>	<b>44,553,386</b>	<b>1,174,111</b>	<b>45,727,497</b>
<b>Revenues over (under) expenditures</b>	<b>1,208,550</b>	<b>73,064</b>	<b>1,281,614</b>
<b>Other financing sources (uses):</b>			
Transfers in	-	471,205	471,205
Transfers out	(471,205)	-	(471,205)
Bond anticipation notes proceeds	-	3,994,000	3,994,000
Premium on bond anticipation notes	-	120,228	120,228
<b>Total other financing sources (uses)</b>	<b>(471,205)</b>	<b>4,585,433</b>	<b>4,114,228</b>
<b>Change in fund balances (deficits)</b>	<b>737,345</b>	<b>4,658,497</b>	<b>5,395,842</b>
<b>Fund balances (deficits):</b>			
Beginning of year	6,945,761	(874,460)	6,071,301
End of year	<b>\$ 7,683,106</b>	<b>\$ 3,784,037</b>	<b>\$ 11,467,143</b>

See notes to financial statements.

**Town of Easton, Connecticut**

**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, 2017**

Amounts reported for governmental activities in the statement of activities are due to:

Net change in fund balances - total governmental funds	<u>\$ 5,395,842</u>
<p>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.</p>	
Capital outlay	345,329
Depreciation expense	<u>(1,510,747)</u>
<b>Total</b>	<u>(1,165,418)</u>
<p>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:</p>	
Miscellaneous grant receipts	73,581
Increase in property tax receivable - accrual basis change	246,999
Increase in property tax interest and lien revenue	<u>55,023</u>
<b>Total</b>	<u>375,603</u>
<p>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:</p>	
Principal repayments:	
Capital lease payments	114,876
Amortization of bond premium	107,398
Bond proceeds	<u>(3,994,000)</u>
Bond principal repayments	<u>2,400,000</u>
<b>Total</b>	<u>(1,371,726)</u>
<p>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:</p>	
Net OPEB expense	(173,066)
Heart and hypertension claims	297,959
Compensated absences	(97,754)
Accrued interest payable	(32,793)
Net pension liability - Pension Plan	569,697
Net pension liability - MERS	(711,908)
Deferred pension expense - MERS	780,135
Deferred pension credit - MERS	67,628
Deferred pension expense - Pension Plan	(1,243,112)
Deferred pension credit - Pension Plan	<u>179,568</u>
<b>Total</b>	<u>(363,646)</u>
<p>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</p>	
	<u>(116,545)</u>
Change in net position of governmental activities	<u>\$ 2,754,110</u>

See notes to financial statements.

Town of Easton, Connecticut

Statement of Net Position (Deficit) - Proprietary Fund  
June 30, 2017

	Governmental Activities
	<u>Internal Service Fund</u>
<hr/>	
<b>Assets</b>	
Current assets:	
Cash	\$ -
Due from other funds	100,000
<b>Total assets</b>	<u>100,000</u>
<b>Liabilities</b>	
Current liabilities:	
Claims payable	190,357
Cash overdraft	105,682
<b>Total liabilities</b>	<u>296,039</u>
Net position (deficit)	
Unrestricted (deficit)	<u>(196,039)</u>
<b>Total net position (deficit)</b>	<u>\$ (196,039)</u>

See notes to financial statements.

Town of Easton, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund  
For the Year Ended June 30, 2017

	<u>Governmental Activities Internal Service Fund</u>
Operating revenue:	
Premiums	\$ 2,295,162
Operating expenses:	
Claims	2,196,428
Administration	215,810
<b>Total operating expenses</b>	<u>2,412,238</u>
<b>Net loss</b>	(117,076)
Nonoperating revenue:	
Investment income	<u>531</u>
<b>Change in net position (deficit)</b>	(116,545)
Net position (deficit):	
Beginning	<u>(79,494)</u>
Ending	<u><u>\$ (196,039)</u></u>

See notes to financial statements.

**Town of Easton, Connecticut**

**Statement of Cash Flows - Proprietary Fund  
For the Year Ended June 30, 2017**

	Governmental Activities
	<u>Internal Service Fund</u>
<hr/>	
Cash flows from operating activities:	
Premiums received	\$ 2,301,160
Claim payments	(2,196,428)
Administrative payments	(215,810)
<b>Net cash used in operating activities</b>	<u>(111,078)</u>
 Cash flows from investing activities:	
Income on investments	531
<b>Net decrease in cash and cash equivalents</b>	<u>(110,547)</u>
 Cash and cash equivalents:	
Beginning of year	<u>4,865</u>
 End of year	<u><u>\$ (105,682)</u></u>
 Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (117,076)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in:	
Claims payable	(91,820)
Decrease in:	
Due from other funds	<u>97,818</u>
<b>Net cash used in operating activities</b>	<u><u>\$ (111,078)</u></u>

See notes to financial statements.

Town of Easton, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds  
June 30, 2017

	Pension Trust Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 2,755,750	\$ 1,235,249
Investments, at fair value:		
Mutual funds	14,730,232	-
Due from primary government	238,000	-
Prepaid benefits	73,352	-
<b>Total assets</b>	<u>17,797,334</u>	<u>1,235,249</u>
<b>Liability</b>		
Accounts and other payable	-	<u>1,235,249</u>
Net position:		
Net position - restricted for pension benefits	<u>\$ 17,797,334</u>	<u>\$ -</u>

See notes to financial statements.

Town of Easton, Connecticut

Statement of Changes in Plan Net Position - Pension Trust Fund  
For the Year Ended June 30, 2017

	Pension Trust Fund
<hr/>	
Additions:	
Contributions:	
Employer	\$ 484,000
Plan members	161,500
<b>Total contributions</b>	<u>645,500</u>
Investment income:	
Net appreciation in fair value of investments	1,338,962
Interest and dividends	538,090
<b>Net investment income</b>	<u>1,877,052</u>
<b>Total net additions</b>	<u>2,522,552</u>
Deductions:	
Benefits	872,377
Administrative expense	17,904
<b>Total deductions</b>	<u>890,281</u>
<b>Changes in net position</b>	1,632,271
Net position:	
Beginning of year	<u>16,165,063</u>
End of year	<u>\$ 17,797,334</u>

See notes to financial statements.

## Town of Easton, Connecticut

### Notes to Financial Statements

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#### 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, health and welfare, 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.

**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.

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 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 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 of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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.

## Town of Easton, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

However, debt service expenditures, pension and other post-employment benefits (OPEB) liabilities, 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 fund:

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.

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, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

The **Pension Trust Fund** accounts for the activities of the Town of 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.

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 fund are charges to customers for medical insurance benefits. Operating expenses for internal service fund 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.

Town of Easton, Connecticut

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**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 and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 8-20% of outstanding receivable balances at June 30, 2017, and are calculated based upon prior collections.

For the fund financial statements, property taxes receivable at June 30, 2017, 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 acquisition value at the date of donation.

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

## Town of Easton, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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.

**Net pension liability:** The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**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.

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 net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on 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. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner.

## Town of Easton, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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. The Town reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational. Also, 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 property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during 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:* The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

*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 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.

*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).

*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.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Fair value:** The Town uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Town's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

**Level 1:** Quoted prices in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

**Level 3:** Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment.

See Note 2 for additional information regarding fair value.

**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.

## Town of Easton, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

**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."

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.

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

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 Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis.

**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. The cash portfolio adheres to GASB Statement No. 79, *Certain Investment Pools and Pool Participants*, which amends GASB Statement No. 31 and establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$9,187,589 of the Town's bank balance of \$10,177,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,177,270
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	10,319
	<u>\$ 9,187,589</u>

**Cash equivalents:** At June 30, 2017, the Town's cash equivalents amounted to \$2,282,580. The following table provides a summary of the Town's cash equivalents.

	Standard and Poor's
State Short-Term Investment Fund (STIF)	AAA/m

**Investments:** As of June 30, 2017, 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	\$ 4,194,600	\$ 52,214	\$ 951,001	\$ 3,191,385
Total			<u>\$ 52,214</u>	<u>\$ 951,001</u>	<u>\$ 3,191,385</u>
Other investments:					
Equities		446,891			
Mutual funds		15,171,855			
Total investments		<u>\$ 19,813,346</u>			

Town of Easton, Connecticut

Notes to Financial Statements

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

**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, 2017, 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.

**Fair value:** The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2017:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
June 30, 2017				
Investments by fair value level:				
Stocks	\$ 446,891	\$ 446,891	\$ -	\$ -
Mutual funds	15,171,855	15,171,855	-	-
Debt securities:				
U.S. Treasury	4,194,600	4,194,600	-	-
Total debt securities	4,194,600	4,194,600	-	-
Total investments by fair value level	\$ 19,813,346	\$ 19,813,346	\$ -	\$ -

**Mutual Funds and debt and equity securities:** Mutual Funds and debt and equity securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets for those securities.

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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**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	Nonmajor and Other Funds	Total
Receivables:			
Interest	\$ 350,602	\$ -	\$ 350,602
Taxes	1,320,631	-	1,320,631
Accounts	69,582	76,422	146,004
Intergovernmental	-	45,964	45,964
Gross receivables	<u>1,740,815</u>	<u>122,386</u>	<u>1,863,201</u>
Less allowance for uncollectibles	(100,000)	-	(100,000)
Net total receivables	<u>\$ 1,640,815</u>	<u>\$ 122,386</u>	<u>\$ 1,763,201</u>

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.

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 and interest receivable	\$ 1,473,030	\$ -
Unearned intergovernmental revenue	-	44,445
Total deferred inflow/unearned revenue for governmental funds	<u>\$ 1,473,030</u>	<u>\$ 44,445</u>

**Town of Easton, Connecticut**

**Notes to Financial Statements**

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 19,859,020	\$ -	\$ -	\$ 19,859,020
Construction in progress	24,430	-	-	24,430
Total capital assets, not being depreciated	<u>19,883,450</u>	-	-	<u>19,883,450</u>
Capital assets, being depreciated:				
Land improvements	659,818	-	-	659,818
Buildings	69,711,763	-	-	69,711,763
Building improvements	1,509,057	-	-	1,509,057
Machinery and equipment	1,975,051	13,107	-	1,988,158
Vehicles	6,249,610	332,222	-	6,581,832
Infrastructure	25,468,668	-	-	25,468,668
Total capital assets, being depreciated	<u>105,573,967</u>	<u>345,329</u>	-	<u>105,919,296</u>
Less accumulated depreciation for:				
Land improvements	(257,487)	(21,745)	-	(279,232)
Buildings	(19,706,699)	(820,025)	-	(20,526,724)
Building improvements	(295,260)	(42,669)	-	(337,929)
Machinery and equipment	(1,166,823)	(44,953)	-	(1,211,776)
Vehicles	(3,687,617)	(256,624)	-	(3,944,241)
Infrastructure	(11,231,707)	(324,731)	-	(11,556,438)
Total accumulated depreciation	<u>(36,345,593)</u>	<u>(1,510,747)</u>	-	<u>(37,856,340)</u>
Total capital assets, being depreciated, net	<u>69,228,374</u>	<u>(1,165,418)</u>	-	<u>68,062,956</u>
Governmental activities capital assets, net	<u>\$ 89,111,824</u>	<u>\$ (1,165,418)</u>	<u>\$ -</u>	<u>\$ 87,946,406</u>

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

Governmental activities:	
General government	\$ 185,951
Public safety	108,050
Public works	417,264
Education	780,617
Library	18,865
Total depreciation expense - governmental activities	<u>\$ 1,510,747</u>

**Town of Easton, Connecticut**

**Notes to Financial Statements**

**Note 5. Interfund Accounts**

At June 30, 2017, the amounts due to and from other funds were as follows:

Receivable Fund	Payable Fund	Amount
Internal Service Fund	General Fund	\$ 100,000
Non-Major Governmental	General Fund	213,433
		<u>\$ 313,433</u>

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

**Interfund transfers:**

	Transfers In		
	General Fund	Nonmajor Governmental Funds	Total
Transfers out:			
General Fund	\$ -	\$ 471,205	\$ 471,205
Total transfers out	<u>\$ -</u>	<u>\$ 471,205</u>	<u>\$ 471,205</u>

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

**Note 6. Short-Term Obligations – Bond Anticipation Notes and Subsequent Event**

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, 2016	Issuances	Repayments	Balance June 30, 2017	Classified as Long -Term	Classified as Short -Term
Bond Anticipation Notes:						
Land acquisition	\$ 4,610,000	\$ 4,302,000	\$ 4,610,000	\$ 4,302,000	\$ 3,994,000	\$ 308,000
Total	<u>\$ 4,610,000</u>	<u>\$ 4,302,000</u>	<u>\$ 4,610,000</u>	<u>\$ 4,302,000</u>	<u>\$ 3,994,000</u>	<u>\$ 308,000</u>

On December 14, 2016, the Town issued \$4,302,000 of bond anticipation notes (BAN's). The BAN's which were issued for land acquisition incurred interest at 2.0%, and matured on December 13, 2017. The Town issued a direct purchase bond on December 13, 2017 in the amount of \$3,994,000. The direct purchase bond incurs interest at 2.28% and matures in 2030 and has been included in long-term obligations. See note 7.

Town of Easton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Obligations

**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, 2016,	Additions	Deductions	Balance Outstanding June 30, 2017	Current Portion
<b>Bonds:</b>									
General purpose:									
Improvement bond	\$ 1,424,000	07/15/10	07/15/25	1.0-3.75	\$ 950,000	\$ -	\$ 95,000	\$ 855,000	\$ 95,000
Bond anticipation notes					-	3,994,000	-	3,994,000	-
Refunding bond (2001 issue)	3,739,500	05/28/09	10/15/21	3.0-5.0	2,014,000	-	340,000	1,674,000	340,000
Total general purpose					2,964,000	3,994,000	435,000	6,523,000	435,000
Schools:									
Refunding bond (2001 issue)	5,765,500	05/28/09	10/15/21	3.0-5.0	3,101,000	-	525,000	2,576,000	525,000
Improvement bond	925,000	07/15/10	07/15/25	1.0-3.375	609,000	-	63,000	546,000	65,000
Refunding bond	8,485,000	06/01/11	06/01/25	2.0-5.0	5,775,000	-	650,000	5,125,000	650,000
Refunding bond (2005 issue)	6,810,000	02/09/12	11/01/25	2.0-4.0	5,210,000	-	555,000	4,655,000	550,000
General Obligation Bond	1,620,000	01/15/15	01/15/25	2	1,480,000	-	150,000	1,330,000	160,000
Total schools					16,175,000	-	1,943,000	14,232,000	1,950,000
Sewer:									
Improvement bond	326,000	07/15/10	07/15/25	1.0-3.375	216,000	-	22,000	194,000	20,000
Total bond/notes					19,355,000	3,994,000	2,400,000	20,949,000	2,405,000
Bond premium					858,018	-	107,398	750,620	107,398
Total bonds and related liabilities					20,213,018	3,994,000	2,507,398	21,699,620	2,512,398
Capital lease					382,400	-	114,876	267,524	109,500
Compensated absences					712,498	179,968	82,214	810,252	180,000
Net pension liability - Pension Plan					3,205,945	-	569,697	2,636,248	-
Net pension liability - MERS					1,540,446	711,908	-	2,252,354	-
Heart and hypertension					898,196	-	297,959	600,237	83,620
Net OPEB obligation					957,470	173,066	-	1,130,536	-
Total general long-term obligations					\$ 27,909,973	\$ 5,058,942	\$ 3,572,144	\$ 29,396,771	\$ 2,885,518

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

**Town of Easton, Connecticut**

**Notes to Financial Statements**

**Note 7. Long-Term Obligations (Continued)**

The annual debt service requirements of general obligation bonds are as follows:

	Bonds	
	Principal	Interest
Years ended June 30:		
2018	\$ 2,405,000	\$ 548,788
2019	2,728,000	510,178
2020	2,703,000	429,210
2021	2,693,000	339,456
2022	2,673,000	249,113
2023-2027	6,750,000	456,866
2028-2030	997,000	34,075
Total	\$ 20,949,000	\$ 2,567,686

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, 2017, which matures through 2026, amounted to \$15,445,000. The Town's share of the debt is \$7,288,495.

**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, 2017:

	Amount
Year ending June 30:	
2018	\$ 116,192
2019	161,256
	277,448
Less amount representing interest	(9,924)
Present value of future minimum lease payment	\$ 267,524

**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.

**Town of Easton, Connecticut**

**Notes to Financial Statements**

**Note 7. Long-Term Obligations (Continued)**

**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	\$ 92,132,597	\$ 8,679,000	\$ 83,453,597
Schools	184,265,195	21,520,495	162,744,700
Sewers	153,554,329	194,000	153,360,329
Urban renewal	133,080,418	-	133,080,418
Pension deficit	122,843,463	-	122,843,463

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$286,634,747 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.

**Authorized/unissued bonds:** The amount of authorized/unissued bonds is \$1,848,000 for general purposes.

**Note 8. Fund Balance (Deficits)**

The components of fund balance for the governmental funds at June 30, 2017, are as follows:

	General Fund	Nonmajor Governmental Funds	Total
Fund balances:			
Restricted for:			
Grants and capital projects	\$ -	\$ 1,606,812	\$ 1,606,812
	-	1,606,812	1,606,812
Committed to:			
General government	-	571,408	571,408
Public safety	-	287,241	287,241
Health and welfare	-	165,959	165,959
Library	-	1,047,366	1,047,366
Parks and recreation	-	130,333	130,333
	-	2,202,307	2,202,307
Assigned to:			
Subsequent year's budget	500,000	-	500,000
Potential claims	140,000	-	140,000
	640,000	-	640,000
Unassigned	7,043,106	(25,082)	7,018,024
Total fund balances (deficits)	\$ 7,683,106	\$ 3,784,037	\$ 11,467,143

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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**Note 8. Fund Balance (Deficits) (Continued)**

**Deficit fund balance:** The following funds had fund balance deficits at June 30, 2017:

Nonmajor funds:	
Senior center	(13,600)
Town hall grants	(1,273)
Senior center leasing buyout	(4,817)
Senior center van	(5,392)

The fund deficits will be eliminated in the future with charges for services and contributions.

**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 and heart and hypertension claims, 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.

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. Amount is reported in the statement of net position as a component of accrued 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
2015-2016	\$ 177,061	\$ 2,449,512	\$ 2,344,396	\$ 282,177
2016-2017	282,177	2,196,428	2,288,248	190,357

## Town of Easton, Connecticut

### Notes to Financial Statements

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#### Note 10. Pension Plans

##### The Town of Easton Retirement Plan:

**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.

##### **Benefits provided:**

Effective Date	January 1, 1970, October 1, 1984, July 1, 1995, July 1, 2003
Anniversary Date	July 1 of each year
Valuation Date	July 1, 2017
Enhanced MERS	Denoted by (EM), Enhanced MERS benefits are effective July 1, 2003 for all employee groups with the exception of the Board of Education. Board Custodians were eligible for EM benefits effective July 1, 2005.
Compensation	Calendar year W-2 compensation
Participation	Eligibility: Age: No minimum Service: 1 month
	Entry Date: First day of the month coinciding with or following satisfaction of eligibility
Normal Retirement Benefit	Eligibility: Earlier of 55 years of age with 10 years of service, or 25 years of service at any age. Enhanced MERS – years of service required for retirement is 5.  Date Payable: First date of the month coinciding with or following satisfaction of eligibility.
Previous MERS Benefits	Amounts: Payable from retirement to age 62 – 2% per year of service times highest three year average compensation  Payable from age 62 for life - 1.1667% per year of service times Social Security Earnings Base plus 2% per year of service times highest three year average compensation less the Social Security Earnings Base.  Social Security Earnings Base equals the average of the highest ten years of the lesser of compensation or the annual Social Security Taxable Wage Base.

Town of Easton, Connecticut

Notes to Financial Statements

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**Note 10. Pension Plans (Continued)**

Previous MERS Benefits	Amounts:	A maximum benefit of 100% of pay less Social Security PIA benefits and a minimum benefit of \$1,000 per year for Normal Retirement applies
Previous MERS Benefits	COLA:	Benefits for retirees will increase at a rate determined annually by the State of Connecticut. Must be age 65 and have retired under Plan II.
Enhanced MERS Benefits	Amount:	<p>Payable from retirement to age 62 – 2% per year of service time’s highest three year average compensation.</p> <p>Payable from 62 for life – 1.5% per year of service times lesser of average compensation or the Yearly Breakpoint plus 2% per year of service times final three year average compensation less the “Yearly Breakpoint”.</p> <p>The Yearly Breakpoint is a tabled number that is \$82,300 for 2017, and increases 6% annually.</p> <p>A maximum benefit of 100% of pay less Social Security PIA benefits and a minimum benefit of \$1,000 per year for Normal retirement applies.</p>
Accrued Benefit		Normal Retirement Benefit based on service to date of determination.
Disability Benefits		A participant who is disabled and has completed ten (10) years of service is eligible for an immediate disability benefit equal to his accrued benefit. In no instance will a participant’s benefit be more than 100% of his compensation in effect prior to his disability, reduced by any Workers Compensation and/or Social Security Disability benefits. If a disability is determined to have occurred in the course of the participant’s employment, the ten year service requirement is waived.

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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**Note 10. Pension Plans (Continued)**

Employee Contributions                      Members will contribute 2.25% of compensation up to the Taxable Wage Base (\$127,200 for 2016), and 5% of compensation above the Taxable Wage Base.

Enhanced MERS participants will contribute an amount based on their collectively bargained or contractual agreements. We list the different rates in Section IIIB of this report. The remainder of EM participants contribute per the original MERS rates shown above.

Contribution and Interest Account      Members are always 100% vested in their contribution and interest account. Interest accumulates at 5% compounded annually, with partial year interest credited in the year of termination.

**Classes of employees covered:** As of June 30, 2017, the plan's membership consisted of:

Retirees and beneficiaries currently receiving benefits	74
Inactive plan members entitled to refunds of contributions only	14
Terminated members entitled to benefits but not yet receiving them	8
Current active members	74
Total	170

**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.

**Net pension liability:** The Town's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of July 1, 2016, calculated based on the discount rate and actuarial assumptions below and then was projected forward to the measurement date June 30, 2017. There have been no significant changes between the valuation date and the fiscal year-end.

Valuation date	July 1, 2016
Measurement date	June 30, 2017
Inflation	2.0%
Salary projection	3.0%, average including inflation
Mortality	RP-2014 projection with MP-2015 generationally
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value

**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, 2017:

**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, 2016, and the final investment return assumption, are summarized in the following table:

Asset Class	Pension Funds Allocation %	Long-Term Expected Real Return - Portfolio	Weighted
U.S. Large Cap Blend	30.00%	4.75%	1.43%
U.S. Small/Mid Cap Blend	8.50%	5.50%	0.47%
International equities	14.50%	5.25%	0.76%
Emerging Markets Equity	6.50%	6.00%	0.39%
Real estate	1.50%	5.00%	0.08%
Fixed Income - Government	16.00%	1.75%	0.28%
Fixed Income - Corporate	7.00%	2.25%	0.16%
Alternatives	5.00%	5.25%	0.26%
Cash and cash equivalents	11.00%	0.50%	0.06%
	100.00%		
Total weighted average real return			3.89%
Long-term inflation expectation			3.00%
Long-term expected normal return			6.89%

**Rate of return:** For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount rate:** The discount rate used to measure the total pension liability was 7.0%. 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.

Town of Easton, Connecticut

Notes to Financial Statements

**Note 10. Pension Plans (Continued)**

**Net pension liability of the Town:** The components of the net pension liability of the Town at June 30, 2017, were as follows:

	Changes in the Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 19,371,008	\$ 16,165,063	\$ 3,205,945
Changes for the year:			
Service cost	433,945	-	433,945
Interest	1,355,274	-	1,355,274
Differences between expected and actual experience	145,733	-	145,733
Contributions - employer	-	484,000	(484,000)
Contributions - member	-	161,500	(161,500)
Net investment income (including investment expenses)	-	1,859,149	(1,859,149)
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(872,377)	(872,377)	-
Administrative expense	-	-	-
Net changes	1,062,575	1,632,272	(569,697)
Balances at June 30, 2017	\$ 20,433,583	\$ 17,797,335	\$ 2,636,248

**Sensitivity analysis:** The following table presents the net pension liability of the Town, calculated using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) 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	\$ 4,843,561	\$ 2,636,248	\$ 266,776

## Town of Easton, Connecticut

### Notes to Financial Statements

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#### Note 10. Pension Plans (Continued)

For the year ended June 30, 2017, the Town recognized pension expense of \$977,847. As of June 30, 2017, the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 106,866
Changes of assumptions	291,793	-
Net difference between projected and actual earnings on pension plan investments	852,878	-
Total	<u>\$ 1,144,671</u>	<u>\$ 106,866</u>

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

Years ended June 30:	
2018	\$ 473,742
2019	473,742
2020	233,379
2021	(143,058)
2022	-
Thereafter	-

**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.

#### **Municipal Employees' Retirement System:**

**Plan description:** Certain employees of the Town participate in a cost-sharing multiple-employer defined benefit pension plan administered by the State of Connecticut Employees' Retirement System (CMERS). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

**Benefit provisions:** Plan provisions are set by the Statutes. CMERS provides retirement benefits, as well as death and disability benefits. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

**Average final compensation:** Average of the three highest paid years of service.

**Normal form of benefit:** Life annuity.

Town of Easton, Connecticut

Notes to Financial Statements

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**Note 10. Pension Plans (Continued)**

**Year's breakpoint:** With respect to the calendar year in which a member terminates service, \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100.

**Service retirement allowance:**

**Condition for allowance:** Age 55 and 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Compulsory retirement at age 65 for police and fire members.

**Amount of allowance:** For members not covered by Social Security: 2% of average final compensation times years of service. For members covered by Social Security: 1-1/2% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include Workers Compensation and Social Security benefits. If any member covered by Social Security retires before age 62, his/her benefit until he/she reaches age 62 or receives a Social Security disability award is computed as if he/she were not under Social Security.

**Disability retirement allowance:**

**Condition for allowance:** 10 years of service and permanently and totally disabled from engaging in any gainful employment in the service of the Municipality.

**Amount of allowance:** Calculated as a service retirement allowance based on compensation and service to the date of the disability.

**Service connected disability:**

**Condition for allowance:** Totally and permanently disabled from engaging in any gainful employment in the service of the Municipality provided such disability has arisen out of and in the course of his/her employment with the Municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty.

**Amount of allowance:** Calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including Worker's Compensation benefits) of 50% of compensation at the time of the disability.

**Vesting retirement allowance:**

**Condition for allowance:** 5 years of continuous or 15 years of active aggregate service.

**Amount of allowance:** Calculated as a service retirement allowance on the basis of average final compensation and service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Town of Easton, Connecticut

Notes to Financial Statements

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**Note 10. Pension Plans (Continued)**

**Death benefit:**

**Condition for benefit:** Eligible for service, disability retirement, or vested allowance, and married for at least 12 months preceding death.

**Amount of benefit:** Computed on the basis of the member's average final compensation and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

**Return of deductions:** Upon the withdrawal of a member the amount of his accumulated deductions is payable to him/her on demand, with 5% interest from July 1, 1983.

**Optional benefits:** Prior to the retirement, a member may elect to convert his retirement allowance into a benefit of equivalent actuarial value in accordance with one of the optional forms described below: 1. A reduced retirement allowance payable during his life with the provision that after his death the beneficiary designated by him at the time of his retirement; or 2. A reduced retirement allowance payable during his life with the provision that after his death an allowance of one half of his reduced allowance will be continued for life to the beneficiary designated by him at the time of his retirement; 3. A reduced retirement allowance payable during his life with a guarantee of 120 or 240 monthly payments to the member or his designated beneficiary.

**Cost-of-living adjustment:** For those retired prior to January 1, 2002: (i) The benefits of disabled retirees, service retirees who have reached age 65, and beneficiaries of deceased retirees who would have reached age 65 are adjusted each July 1. The difference between the actual annual yield of the actuarial value of assets on a calendar year basis to a 6% yield is calculated. This difference is the adjustment applied the following July 1. The minimum adjustment is 3% and the maximum is 5%. (ii) The benefits for all others on the roll are adjusted on January 1, 2002 and on each subsequent July 1. The amount of each adjustment is 2.5%. For those retiring in or after January 1, 2002, benefits are adjusted each July 1. The adjustment is 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

**Contributions by members:** For members not covered by Social Security: 5% of compensation. For members covered by the Social Security: 2-1/4% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

**By municipalities:** Participating Municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the CMERS not met by member contributions.

**Assumptions:** The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	6/30/2016
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	27 years

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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**Note 10. Pension Plans (Continued)**

Asset valuation method	5-year smoothed market with 20% recognition of investment gains and losses
Investment rate return*	8.00%, net of investment related expense
Projected salary increases*	4.25-11.00%
Social Security Wage Base	3.50%
* Includes inflation at 3.25%	
Mortality	The RP2000 Mortality Table for Annuitants and Non-Annuitants (set forward one year for males and set back one year for females).

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large cap U.S. equities	16.00%	5.80%
Developed non-U.S. equities	14.00%	6.60%
Emerging markets (non-U.S.)	7.00%	8.30%
Core fixed income	8.00%	1.30%
Inflation linked bond fund	5.00%	1.00%
Emerging market bond	8.00%	3.70%
High yield bonds	14.00%	3.90%
Real estate	7.00%	5.10%
Private equity	10.00%	7.60%
Alternative investments	8.00%	4.10%
Liquidity fund	3.00%	0.40%
	100.00%	

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

**Sensitivity of the net pension liability to changes in the discount rate:** The following presents the net pension liability of the System, calculated using the discount rate of 8.00 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate (\$ thousands):

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net pension liability	\$ 3,611,875	\$ 2,252,354	\$ 1,119,897

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources:** At June 30, 2017, the Town reported a liability of \$2,252,354 for its proportionate share of the net pension liability related to its participation in CMERS. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. Town's proportion of the net pension liability was based on its share of contributions to the CMERS for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016, the Town's proportion was 5.035%.

For the year ended June 30, 2017, the Town recognized pension expense of \$473,800. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

\$375,000 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2016/2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 188,307	\$ -
Change in proportionate share	-	48,787
Cumulative investment earnings	594,382	-
Town contributions subsequent to the measurement date	375,000	-
Total	<u>\$ 1,157,689</u>	<u>\$ 48,787</u>

## Town of Easton, Connecticut

### Notes to Financial Statements

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#### Note 10. Pension Plans (Continued)

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

Years ended June 30:		
2018	\$	165,395
2019		165,395
2020		248,692
2021		154,420
2022		-
Thereafter		-

#### State of Connecticut Teachers' Retirement System:

All certified personnel participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the Statutes. 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.

**Description of system:** Eligible employees within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation.

The System is considered 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.

The System is administered under the provisions of Chapter 167a of the Statutes. Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

**Summary of significant accounting policies:** For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$2,591,072 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability for teacher pensions.

Town of Easton, Connecticut

Notes to Financial Statements

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**Note 10. Pension Plans (Continued)**

**Benefits provided:** The benefits provided to participants by the System are as follows:

**Normal benefit:** A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary).

**Prorated benefit:** A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

**Minimum benefit:** Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

**Contribution requirements:** The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in Statutes Sections 10-1831 and 10-183z.

Participants are required to contribute 6.0% of their annual salary rate to the System as required by Statutes Section 10-183b (7). The estimated covered payroll for the Town is \$8,000,000.

**Actuarial assumptions:** The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study. The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following key actuarial assumptions:

Inflation	2.75 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 Percent

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

**Town of Easton, Connecticut**

**Notes to Financial Statements**

**Note 10. Pension Plans (Continued)**

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

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

**Discount rate:** The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension'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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:**

The following presents the Town's proportionate share of the net pension liability of the System, calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net pension liability	\$ 29,312,707	\$ 23,759,618	\$ 16,246,731

**Note 10. Pension Plans (Continued)**

**Pension liabilities, pension expense, and deferred inflows/outflows of resources:** The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by GASB No. 68, *Accounting and Financial Reporting for Pensions* and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$23,759,618 and 100% of the collective net pension liability is allocated to the State.

June 30, 2016 is the actuarial valuation date upon which the total pension liability is based. Since the prior valuation, the State adopted new assumptions based on the 2015 Experience Study. The changes in assumptions are summarized below:

**Economic Assumptions**

1. Reduce the inflation assumption from 3.00% to 2.75%.
2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
4. Slightly modify the merit portion of the salary scale.
5. Reduce the payroll growth assumption from 3.75% to 3.25%.

**Demographic Assumptions**

6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
8. Increase rates of withdrawal.
9. Decrease rates of disability for males.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2017, the Town recognized \$2,591,072 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

**Note 11. 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:

**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.

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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**Note 11. Other Post-Employment Benefits (Continued)**

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.

**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.
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**Town of Easton, Connecticut**

**Notes to Financial Statements**

**Note 11. Other Post-Employment Benefits (Continued)**

**Membership:** Membership in the plan consisted of the following at July 1, 2016:

	<u>Town of Easton Retiree Medical Benefit Plan</u>
Number of retirees and eligible surviving spouses	10
Number of active participants	<u>179</u>
Total	<u><u>189</u></u>

**Description of actuarial assumptions and methods:** The following is a summary of certain significant actuarial assumptions and other PERS information:

	<u>Town of Easton Retiree Medical Benefit Plan</u>
Actuarial valuation date	July 1, 2016
Actuarial cost method	Entry Age
Amortization method	Level Dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%/annum, including inflation of 2.6%
Projected salary increases	N/A

**Retirement:** Age 55 with 5 years of service or 25 years of service.

**Mortality:** Projected to date of decrement using Scale MP-2016 (generational) Note 11. 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:

	<u>Town of Easton Retiree Medical Benefit Plan</u>
Annual required contribution (ARC)	\$ 176,383
Interest on net OPEB obligation	38,299
Adjustment to annual required contribution	<u>(53,252)</u>
Annual OPEB cost	161,430
Contribution made	<u>(11,636)</u>
Decrease in net OPEB obligation	173,066
Net OPEB obligation, July 1, 2016	<u>957,470</u>
Net OPEB obligation, June 30, 2017	<u><u>\$ 1,130,536</u></u>

Town of Easton, Connecticut

Notes to Financial Statements

**Note 11. Other Post-Employment Benefits (Continued)**

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, 2017, is presented below:

	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/15	\$ 221,466	\$ 169,579	76.6%	\$ 1,546,033
6/30/16	149,492	738,055	493.7%	957,470
6/30/17	161,430	(11,636)	-7.2%	1,130,536

**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 7.5%, decreasing by 0.5% per year with an ultimate rate of 4.5% for 2022 and later. 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)
7/1/2016	-	2,188,763	2,188,763	0%	10,972,804	20.0%

**Schedule of employer contributions:**

Years ended June 30:	Annual Required Contributions	Percentage Contributed
2015	\$ 242,017	70%
2016	173,637	425%
2017	176,383	-7%

## Town of Easton, Connecticut

### Notes to Financial Statements

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#### **Note 12. 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 13. Pronouncements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB 75, which will most likely have a material impact, though the amount has not yet been determined:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. This Statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide: Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for periods beginning after June 15, 2017.

**Note 13. Pronouncements Issued, Not Yet Effective (Continued)**

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87, *Leases*. This Statement improves the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**Required Supplementary Information - *unaudited***



**Required Supplementary Information - Unaudited  
Schedule of Contributions - Town of Easton Retirement Plan  
Last Four Fiscal Years**

Measurement Period Ended June 30,	2017	2016	2015	2014
Actuarially determined contribution	\$ 471,819	\$ 409,886	\$ 345,204	\$ 388,304
Contributions in relation to the actuarially determined contribution	484,000	424,000	574,570	620,000
Contribution deficiency (excess)	\$ (12,181)	\$ (14,114)	\$ (229,366)	\$ (231,696)
Covered-employee payroll	\$ 3,572,486	\$ 4,000,902	\$ 4,177,769	\$ 4,168,189
Contributions as a percentage of covered-employee payroll	13.55%	10.60%	13.75%	14.87%

Notes to schedule

**Actuarial Methods Assumptions**

Actuarial cost method:	Entry Age normal
Asset valuation method:	5-year smoothed market
Salary increases:	3% per annum
Investment rate of return:	7% per annum
Retirement age:	Age 65 for all active member except High Department workers, both Union and Non-union.
Mortality:	MP-2014/projected. with RP-2015 generationally.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present the information for those years on which information is available.

**Required Supplementary Information - Unaudited**  
**Schedule of Changes in the Town of Easton Retirement Plan Net Pension Liability and Related Ratios**  
**Last Four Fiscal Years**

	2017	2016	2015	2014
<b>Changes in Net Pension Liability</b>				
<b>Total Pension Liability</b>				
Service cost	\$ 433,945	\$ 455,050	\$ 464,998	\$ 465,210
Interest on total pension liability	1,355,274	1,289,862	1,207,931	1,125,998
Difference between expected/actual experience	145,733	29,938	(462,451)	(197,279)
Effect of assumption changes or inputs	-	-	574,172	501,471
Benefit payments	(872,377)	(720,851)	(723,795)	(724,931)
<b>Net change in total pension liability</b>	<b>1,062,575</b>	<b>1,053,999</b>	<b>1,060,855</b>	<b>1,170,469</b>
Total Pension Liability, beginning	19,371,008	18,317,009	17,256,154	16,085,685
<b>Total pension liability, ending (a)</b>	<b>20,433,583</b>	<b>19,371,008</b>	<b>18,317,009</b>	<b>17,256,154</b>
<b>Fiduciary Net Position</b>				
Employer contributions	484,000	424,000	574,570	620,000
Member contributions	161,500	191,745	171,338	186,906
Investment income net of investment expenses	1,869,399	(424,967)	(30,700)	2,396,966
Benefit payments	(872,377)	(720,851)	(723,795)	(724,931)
Administrative expenses	(10,250)	(10,300)	(10,225)	(10,200)
<b>Net change in plan fiduciary net position</b>	<b>1,632,272</b>	<b>(540,373)</b>	<b>(18,812)</b>	<b>2,468,741</b>
Fiduciary net position, beginning	16,165,063	16,705,436	16,724,248	14,255,507
<b>Fiduciary net position, ending (b)</b>	<b>17,797,335</b>	<b>16,165,063</b>	<b>16,705,436</b>	<b>16,724,248</b>
<b>Net pension liability, ending = (a) - (b)</b>	<b>\$ 2,636,248</b>	<b>\$ 3,205,945</b>	<b>\$ 1,611,573</b>	<b>\$ 531,906</b>
Fiduciary net position as a % of total pension liability	87.10%	83.45%	91.20%	96.92%
Covered payroll	\$ 3,572,486	\$ 4,000,902	\$ 4,177,769	\$ 4,226,506
Net pension liability as a % of covered payroll	73.79%	80.13%	38.57%	12.59%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present the information for those years on which information is available.

**Required Supplementary Information - Unaudited  
 Schedule of Contributions - Connecticut Municipal Employees' Retirement System - Police and Firefighters  
 Last Four Fiscal Years**

Measurement Period Ended June 30,	2017	2016	2015	2014
Actuarially determined contribution	\$ 375,000	\$ 377,554	\$ 355,305	\$ 350,951
Contributions in relation to the actuarially determined contribution	375,000	377,554	355,305	350,951
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	2,231,033	1,370,454	1,370,454	1,370,454
Contributions as a percentage of covered-employee payroll	16.81%	27.55%	25.93%	25.61%
Valuation date:	June 30, 2016			
Measurement date:	June 30, 2016			

Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Single equivalent amortization period	27 years
Asset valuation method	5 years smoothed market (20% write up)
Investment rate of return	8%, net of investment related expense
Changes in assumptions:	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present the information for those years on which information is available.

**Required Supplementary Information - Unaudited  
 Schedule of the Town's Proportionate Share of the Net Pension Liability -  
 Connecticut Municipal Employees' Retirement System - Police and Firefighters  
 Last Three Fiscal Years**

	2017	2016	2015
Town's proportion of the net pension liability	4.800%	5.035%	5.035%
Town's proportionate share of the net pension liability	<u>\$ 2,252,354</u>	<u>\$ 1,540,446</u>	<u>\$ 1,217,299</u>
Town's covered-employee payroll	<u>\$ 2,231,033</u>	<u>\$ 1,370,454</u>	<u>\$ 1,370,454</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>100.96%</u>	<u>112.40%</u>	<u>88.82%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>88.29%</u>	<u>92.72%</u>	<u>90.48%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present the information for those years on which information is available.

**Required Supplementary Information - Unaudited  
 Schedule of the Town's Proportionate Share of the Net Pension Liability -  
 Teachers' Retirement System  
 Last Three Fiscal Years**

	2017	2016	2015
Town's proportion of the net pension liability	0.0%	0.0%	0.0%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>\$ 23,599,618</u>	<u>\$ 20,880,564</u>	<u>\$ 19,299,853</u>
Total	<u>\$ 23,599,618</u>	<u>\$ 20,880,564</u>	<u>\$ 19,299,853</u>
Town's covered-employee payroll	<u>\$ 8,000,000</u>	<u>\$ 7,792,000</u>	<u>\$ 7,542,000</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
System fiduciary net position as a percentage of the total pension liability	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present the information for those years on which information is available.

**Required Supplementary Information - Unaudited  
Schedule of Employer Contributions - OPEB  
Last Nine Fiscal Years**

***Schedule of Employer Contributions - OPEB***

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/09	\$ 331,272	30.0%
6/30/10	335,488	21.0%
6/30/11	315,538	6.0%
6/30/12	329,788	-3.0%
6/30/13	337,537	32.0%
6/30/14	237,345	25.0%
6/30/15	242,017	70.0%
6/30/16	173,637	425.0%
6/30/17	176,383	-7.0%

**Town of Easton, Connecticut**

**Required Supplementary Information - Unaudited  
Schedule of Funding Progress - OPEB  
Last Eight Fiscal Years**

***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%
7/1/2014	-	1,850,910	(1,850,910)	0.00%	11,230,543	16%
7/1/2016	-	2,188,763	(2,188,763)	0.00%	10,972,804	20%

**Required Supplementary Information - Unaudited  
 Schedule of Revenues and Other Financing Sources - Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>Property taxes:</b>				
Property taxes, current and prior	\$ 40,970,197	\$ 40,970,197	\$ 40,824,110	\$ (146,087)
Interest and lien fees	120,000	120,000	195,340	75,340
Telephone access	18,296	18,296	19,404	1,108
<b>Total property taxes</b>	<b>41,108,493</b>	<b>41,108,493</b>	<b>41,038,854</b>	<b>(69,639)</b>
<b>Intergovernmental:</b>				
Educational assistance:				
Special education and education cost share	245,181	245,181	189,837	(55,344)
<b>Total educational assistance</b>	<b>245,181</b>	<b>245,181</b>	<b>189,837</b>	<b>(55,344)</b>
<b>Town assistance:</b>				
Town aid roads	227,879	227,879	228,008	129
Property tax relief	-	-	27,082	27,082
State owned property	410	410	-	(410)
Mashantucket Pequot grant	10,545	10,545	10,545	-
Civil preparedness	157,878	157,878	155,216	(2,662)
Property tax relief (veterans)	-	-	7,838	7,838
Miscellaneous	43,745	43,745	41,678	(2,067)
<b>Total town assistance grants</b>	<b>440,457</b>	<b>440,457</b>	<b>470,367</b>	<b>29,910</b>
<b>Total intergovernmental</b>	<b>685,638</b>	<b>685,638</b>	<b>660,204</b>	<b>(25,434)</b>
Investment income	125,000	125,000	25,974	(99,026)
<b>Charges for services:</b>				
Town clerk	200,000	200,000	224,879	24,879
Building department	150,000	150,000	131,319	(18,681)
660 Morehouse Road	417,949	417,949	430,616	12,667
Health department	20,000	20,000	26,830	6,830
Planning and zoning	19,000	19,000	25,504	6,504
Conservation commission	10,000	10,000	8,454	(1,546)
Police department	250,000	250,000	403,795	153,795
First Selectman	110,000	110,000	147,158	37,158

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Revenues and Other Financing Sources - Budget and Actual (Continued)**  
**General Fund**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Charges for services (Continued):				
Fire marshal	\$ 240	\$ 240	\$ 60	\$ (180)
Parks and recreation	24,541	24,541	13,989	(10,552)
Region 9 tuition	7,700	7,700	-	(7,700)
BOE tuition	9,200	9,200	15,570	6,370
Recycling bins	16,000	16,000	16,658	658
Highway department	2,500	2,500	1,000	(1,500)
Other	75,000	75,000	-	(75,000)
<b>Total charges for services</b>	<b>1,312,130</b>	<b>1,312,130</b>	<b>1,445,832</b>	<b>133,702</b>
<b>Total revenues</b>	<b>43,231,261</b>	<b>43,231,261</b>	<b>43,170,864</b>	<b>(60,397)</b>
Other financing sources:				
Fund balance reserved for FY 16-17	500,000	500,000	-	(500,000)
<b>Total other financing sources</b>	<b>500,000</b>	<b>500,000</b>	<b>-</b>	<b>(500,000)</b>
<b>Total revenues and other financing sources</b>	<b>\$ 43,731,261</b>	<b>\$ 43,731,261</b>	<b>43,170,864</b>	<b>\$ (560,397)</b>
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			2,591,072	
<b>Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - General Fund</b>			<b>\$ 45,761,936</b>	

**Required Supplementary Information - Unaudited  
Schedule of Expenditures and Other Financing Uses - Budget and Actual  
General Fund  
For the Year Ended June 30, 2017**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
<b>General government:</b>					
Town clerk	\$ 172,390	\$ -	\$ 172,390	\$ 167,149	\$ 5,241
First Selectman	157,514	-	157,514	149,622	7,892
Probate court	3,575	-	3,575	-	3,575
Registrar of voters	54,429	-	54,429	45,507	8,922
Board of finance	6,200	-	6,200	2,482	3,718
Auditors	37,950	-	37,950	36,800	1,150
Treasurer	276,892	29,232	306,124	280,152	25,972
Assessor	131,461	-	131,461	130,196	1,265
Board of assessment appeals	925	-	925	697	228
Tax collector	105,648	-	105,648	88,042	17,606
Town attorney	150,000	-	150,000	82,850	67,150
Planning and zoning commission	128,553	-	128,553	120,014	8,539
Zoning board of appeals	8,016	-	8,016	6,176	1,840
Building department	94,254	-	94,254	84,756	9,498
Technology computer	25,440	-	25,440	24,361	1,079
Town hall	133,883	-	133,883	111,596	22,287
Communication dispatchers	247,540	-	247,540	241,573	5,967
Commission for the elderly	59,665	-	59,665	56,840	2,825
Senior center	187,450	-	187,450	187,400	50
SSS building	362,145	-	362,145	276,023	86,122
Cemetery	2,192	-	2,192	3,340	(1,148)
Public celebrations	200	-	200	153	47
<b>Total general government</b>	<b>2,346,322</b>	<b>29,232</b>	<b>2,375,554</b>	<b>2,095,729</b>	<b>279,825</b>
<b>Public safety:</b>					
Police department	1,701,836	268,962	1,970,798	1,970,299	499
Fire department	916,243	(70,000)	846,243	844,047	2,196
Fire marshal	31,403	-	31,403	16,935	14,468
Emergency management	12,411	3,628	16,039	15,488	551
Firehouse rent	42,656	-	42,656	42,656	-
Conservation commission	45,558	-	45,558	32,198	13,360
<b>Total public safety</b>	<b>2,750,107</b>	<b>202,590</b>	<b>2,952,697</b>	<b>2,921,623</b>	<b>31,074</b>
<b>Public works:</b>					
Recycling	150,483	-	150,483	147,923	2,560
Highway department	2,305,496	-	2,305,496	2,021,521	283,975
Street lights	1,450	-	1,450	1,391	59
Engineering and professional services	30,280	-	30,280	13,409	16,871
<b>Total public works</b>	<b>2,487,709</b>	<b>-</b>	<b>2,487,709</b>	<b>2,184,244</b>	<b>303,465</b>
<b>Health and welfare:</b>					
Health director	78,447	-	78,447	77,744	703
EMS commission	537,689	-	537,689	512,839	24,850
Welfare	4,334	-	4,334	3,084	1,250
<b>Total health and welfare</b>	<b>620,470</b>	<b>-</b>	<b>620,470</b>	<b>593,667</b>	<b>26,803</b>

(Continued)

**Required Supplementary Information - Unaudited  
Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)  
General Fund  
For the Year Ended June 30, 2017**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
<b>Education:</b>					
Easton Board of Education:					
General instruction	\$ 7,502,888	\$ (4,210)	\$ 7,498,678	\$ 7,385,470	\$ 113,208
Kindergarten	8,697	-	8,697	7,613	1,084
Humanities	27,407	(766)	26,641	24,474	2,167
Integrated language arts	36,808	93	36,901	33,445	3,456
Curriculum	71,130	119	71,249	71,265	(16)
Science/math technology	39,113	(29)	39,084	34,367	4,717
Physical education/health	4,996	(103)	4,893	4,854	39
Special services	23,355	(1,900)	21,455	16,854	4,601
Special education	3,440,155	(6,070)	3,434,085	3,281,218	152,867
Guidance	3,059	-	3,059	2,929	130
Health services	197,590	-	197,590	192,715	4,875
Psychological services	12,895	6,820	19,715	18,156	1,559
Speech services	10,470	1,150	11,620	7,108	4,512
Educational media services	81,923	-	81,923	75,428	6,495
Technology plan	276,786	12,860	289,646	313,276	(23,630)
Board of education	80,260	-	80,260	86,889	(6,629)
Central administration	537,997	-	537,997	537,995	2
School administration	1,054,977	(1,244)	1,053,733	1,022,034	31,699
Operation/maint. physical plant	1,442,763	(875)	1,441,888	1,407,250	34,638
Student transportation	890,486	(5,845)	884,641	788,469	96,172
Food service	3,125	-	3,125	(33)	3,158
<b>Total Easton Board of Education</b>	<b>15,746,880</b>	<b>-</b>	<b>15,746,880</b>	<b>15,311,776</b>	<b>435,104</b>
Regional School District No. 9	10,988,581	-	10,988,581	10,987,100	1,481
<b>Total education</b>	<b>26,735,461</b>	<b>-</b>	<b>26,735,461</b>	<b>26,298,876</b>	<b>436,585</b>
Library	626,912	38,306	665,218	623,341	41,877
<b>Parks and recreation:</b>					
Parks and recreation commission	422,713	-	422,713	410,201	12,512
Tree warden	11,974	-	11,974	10,024	1,950
<b>Total parks and recreation</b>	<b>434,687</b>	<b>-</b>	<b>434,687</b>	<b>420,225</b>	<b>14,462</b>
<b>Employee benefits:</b>					
Pensions	939,390	19,700	959,090	954,441	4,649
Fringe benefits	1,823,430	-	1,823,430	1,517,180	306,250
Social Security and Medicare	462,000	-	462,000	453,622	8,378
<b>Total employee benefits</b>	<b>3,224,820</b>	<b>19,700</b>	<b>3,244,520</b>	<b>2,925,243</b>	<b>319,277</b>
Insurance	864,000	-	864,000	804,698	59,302
Other - contingency	145,000	(67,538)	77,462	1,753	75,709

(Continued)

**Required Supplementary Information - Unaudited  
 Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)  
 General Fund  
 For the Year Ended June 30, 2017**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
<b>Debt service:</b>					
Principal retirement	\$ 2,708,000	\$ -	\$ 2,708,000	\$ 2,708,000	\$ -
Interest payments	672,068	-	672,068	672,038	30
Fiscal agent fees	22,500	-	22,500	20,877	1,623
<b>Total debt service</b>	<u>3,402,568</u>	<u>-</u>	<u>3,402,568</u>	<u>3,400,915</u>	<u>1,653</u>
<b>Total expenditures</b>	<u>43,638,056</u>	<u>222,290</u>	<u>43,860,346</u>	<u>42,270,314</u>	<u>1,590,032</u>
<b>Other financing uses:</b>					
Transfers out:					
Dog fund	93,205	-	93,205	93,205	-
Capital nonrecurring	-	70,000	70,000	70,000	-
<b>Total other financing uses</b>	<u>93,205</u>	<u>70,000</u>	<u>163,205</u>	<u>163,205</u>	<u>-</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 43,731,261</u>	<u>\$ 292,290</u>	<u>\$ 44,023,551</u>	<u>42,433,519</u>	<u>\$ 1,590,032</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 2,591,072

**Total expenditures and other financing uses as reported on the  
 statement of revenues, expenditures and changes in fund  
 balances - General Fund** \$ 45,024,591

## Town of Easton, Connecticut

### Note to Required Supplementary Information – Unaudited

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#### 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 two additional appropriations from fund balance. \$3,628 for Emergency Management and \$19,700 for Pensions.
- 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.

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



**General Fund**



**Balance Sheet**  
**General Fund**  
**June 30, 2017**

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**Assets**

Cash and cash equivalents	\$ 5,810,854
Investments	4,194,600
Property taxes receivable, net of allowance for uncollectible amounts	1,571,233
Accounts receivable	<u>69,582</u>
<b>Total assets</b>	<b><u>\$ 11,646,269</u></b>

**Liabilities, Deferred Inflow of Resources and Fund Balances**

Liabilities:

Accounts payable	\$ 697,014
Accrued liabilities	916,541
Due to Regional School District No. 9	563,145
Due to other funds	<u>313,433</u>
<b>Total liabilities</b>	<b><u>2,490,133</u></b>

Deferred inflows of resources - unavailable revenue	<u>1,473,030</u>
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Fund balances:

Assigned for subsequent year's budget	500,000
Assigned for potential claims	140,000
Unassigned	<u>7,043,106</u>
<b>Total fund balance</b>	<b><u>7,683,106</u></b>

<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 11,646,269</u></b>
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**Report of Tax Collector  
General Fund  
For the Year Ended June 30, 2017**

Grand List Year	Uncollected Taxes/Levy July 1, 2016	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Change in Overpayment Balances	Uncollected Taxes June 30, 2017
			Additions	Deletions			Taxes	Liens and Interest	Total		
2015	\$ -	\$ 41,200,987	\$ 44,731	\$ 74,819	\$ -	\$ 41,170,899	\$ 40,615,715	\$ 96,854	\$ 40,712,569	\$ 27,465	\$ 582,649
2014	518,163	-	198	6,896	-	511,465	141,483	39,925	181,408	(46,701)	323,281
2013	291,262	-	-	434	23,776	267,052	70,609	21,816	92,425	42	196,485
2012	144,681	-	-	41	209	144,431	37,646	16,693	54,339	41	106,826
2011	77,421	-	792	1,094	-	77,119	24,662	18,687	43,349	-	52,457
2010	24,200	-	-	-	-	24,200	4,920	1,074	5,994	-	19,280
2009	20,779	-	-	-	-	20,779	437	465	902	-	20,342
2008	15,787	-	-	542	-	15,245	-	-	-	543	15,788
2007	715	-	-	-	-	715	-	-	-	-	715
2006	696	-	-	-	-	696	-	-	-	-	696
2005	560	-	-	-	-	560	-	-	-	-	560
2004	531	-	-	-	-	531	-	-	-	-	531
2003	533	-	-	-	-	533	-	-	-	-	533
2002	488	-	-	-	-	488	-	-	-	-	488
<b>Total</b>	<b>\$ 1,095,816</b>	<b>\$ 41,200,987</b>	<b>\$ 45,721</b>	<b>\$ 83,826</b>	<b>\$ 23,985</b>	<b>\$ 42,234,713</b>	<b>\$ 40,895,472</b>	<b>\$ 195,514</b>	<b>\$ 41,090,986</b>	<b>\$ (18,610)</b>	<b>\$ 1,320,631</b>

Property taxes receivable considered available:

June 30, 2016	(171,784)
June 30, 2017	<u>197,051</u>

Property tax revenues

\$ 40,920,739

**Nonmajor Governmental Funds**



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**Town of Easton, Connecticut**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017**

	Special Revenue Funds			
	Education Grants	Easton Day	Police Donations	Police Grants
<b>Assets</b>				
Cash	\$ -	\$ 4,559	\$ 7,750	\$ 150,734
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	1,519	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 1,519</b>	<b>\$ 4,559</b>	<b>\$ 7,750</b>	<b>\$ 150,734</b>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Bond anticipation notes	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances (deficits):				
Restricted	1,519	-	7,750	150,734
Committed	-	4,559	-	-
Unassigned	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>1,519</b>	<b>4,559</b>	<b>7,750</b>	<b>150,734</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 1,519</b>	<b>\$ 4,559</b>	<b>\$ 7,750</b>	<b>\$ 150,734</b>

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	
\$ -	\$ 67,155	\$ 18,357	\$ 108,471	\$ 56,510	\$ 114,169	\$ -	\$ 158,852	
-	-	-	-	-	-	-	888,514	
-	-	-	-	-	-	66,830	-	
-	-	-	93,205	-	-	-	-	
\$ -	\$ 67,155	\$ 18,357	\$ 201,676	\$ 56,510	\$ 114,169	\$ 66,830	\$ 1,047,366	
\$ 13,600	\$ -	\$ -	\$ 10,627	\$ (24)	\$ 7,178	\$ 14,585	\$ -	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
13,600	-	-	10,627	(24)	7,178	14,585	-	
-	-	-	191,049	56,534	106,991	52,245	-	
-	67,155	18,357	-	-	-	-	1,047,366	
(13,600)	-	-	-	-	-	-	-	
(13,600)	67,155	18,357	191,049	56,534	106,991	52,245	1,047,366	
\$ -	\$ 67,155	\$ 18,357	\$ 201,676	\$ 56,510	\$ 114,169	\$ 66,830	\$ 1,047,366	

(Continued)

Town of Easton, Connecticut

Combining Balance Sheet (Continued)  
 Nonmajor Governmental Funds  
 June 30, 2017

	Special Revenue Funds			
	Open Space	EMS Special Services	Police Asset	Records Preservation
<b>Assets</b>				
Cash	\$ 842,701	\$ 140,893	\$ 39,658	\$ 19,881
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 842,701</b>	<b>\$ 140,893</b>	<b>\$ 39,658</b>	<b>\$ 19,881</b>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts payable	\$ -	\$ 12,943	\$ -	\$ -
Bond anticipation notes	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>12,943</b>	<b>-</b>	<b>-</b>
Fund balances (deficits):				
Restricted	-	-	39,658	-
Committed	842,701	127,950	-	19,881
Unassigned	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>842,701</b>	<b>127,950</b>	<b>39,658</b>	<b>19,881</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 842,701</b>	<b>\$ 140,893</b>	<b>\$ 39,658</b>	<b>\$ 19,881</b>

Special Revenue Funds									
Paine Barn Fund	Social Service	Town Hall Grants	Senior Center Leasing Buyout	Miscellaneous Grants	Town Clerk Community Fee	Land Acquisition			
\$ 1,514	\$ 38,009	\$ -	\$ -	\$ 38,268	\$ 25,060	\$ 9,705			
-	-	-	-	-	-	-			
-	-	-	-	-	50	-			
-	-	-	-	-	-	-			
<u>\$ 1,514</u>	<u>\$ 38,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,268</u>	<u>\$ 25,110</u>	<u>\$ 9,705</u>			
\$ -	\$ -	\$ 1,273	\$ 4,817	\$ -	\$ -	\$ -			
-	-	-	-	-	-	-			
-	-	-	-	-	-	-			
-	-	1,273	4,817	-	-	-			
-	-	-	-	38,268	-	-			
1,514	38,009	-	-	-	25,110	9,705			
-	-	(1,273)	(4,817)	-	-	-			
<u>1,514</u>	<u>38,009</u>	<u>(1,273)</u>	<u>(4,817)</u>	<u>38,268</u>	<u>25,110</u>	<u>9,705</u>			
<u>\$ 1,514</u>	<u>\$ 38,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,268</u>	<u>\$ 25,110</u>	<u>\$ 9,705</u>			

(Continued)

**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2017**

	Special Revenue Funds			Capital Project Funds		Nonmajor Governmental Funds
	Senior Center Van	9/11 Memorial Fund	Field Usage Fund	Bonded Capital Projects	Capital Nonrecurring Projects	
<b>Assets</b>						
Cash	\$ -	\$ 1,053	\$ 23,342	\$ 689,425	\$ 448,447	\$ 3,004,513
Investments	-	-	-	-	-	888,514
Accounts receivable	6,493	-	-	3,049	-	76,422
Due from other governments	-	-	-	-	44,445	45,964
Due from other funds	-	-	-	120,228	-	213,433
<b>Total assets</b>	<b>\$ 6,493</b>	<b>\$ 1,053</b>	<b>\$ 23,342</b>	<b>\$ 812,702</b>	<b>\$ 492,892</b>	<b>\$ 4,228,846</b>
<b>Liabilities and Fund Balance</b>						
Liabilities:						
Accounts payable	\$ 11,885	\$ -	\$ -	\$ -	\$ 15,480	\$ 92,364
Bond anticipation notes	-	-	-	308,000	-	308,000
Unearned revenue	-	-	-	-	44,445	44,445
<b>Total liabilities</b>	<b>11,885</b>	<b>-</b>	<b>-</b>	<b>308,000</b>	<b>59,925</b>	<b>444,809</b>
Fund balances (deficits):						
Restricted	-	1,053	23,342	504,702	432,967	1,606,812
Committed	-	-	-	-	-	2,202,307
Unassigned	(5,392)	-	-	-	-	(25,082)
<b>Total fund balances (deficits)</b>	<b>(5,392)</b>	<b>1,053</b>	<b>23,342</b>	<b>504,702</b>	<b>432,967</b>	<b>3,784,037</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 6,493</b>	<b>\$ 1,053</b>	<b>\$ 23,342</b>	<b>\$ 812,702</b>	<b>\$ 492,892</b>	<b>\$ 4,228,846</b>

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Town of Easton, Connecticut

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017**

	Special Revenue Funds			
	Education Grants	Easton Day	Police Donations	Police Grants
Revenues:				
Intergovernmental	\$ 234,258	\$ -	\$ -	\$ -
Charges for services	-	-	1,275	-
Investment income	-	-	-	-
Contributions	-	-	-	-
<b>Total revenues</b>	<b>234,258</b>	<b>-</b>	<b>1,275</b>	<b>-</b>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	408	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Education	235,465	-	-	-
Library	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>235,465</b>	<b>-</b>	<b>408</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,207)</b>	<b>-</b>	<b>867</b>	<b>-</b>
Other financing sources (uses):				
Bond anticipation note proceeds	-	-	-	-
Transfers in	-	-	-	-
Premiums	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances (deficits)</b>	<b>(1,207)</b>	<b>-</b>	<b>867</b>	<b>-</b>
Fund balances (deficits), beginning of year	2,726	4,559	6,883	150,734
Fund balances (deficits), end of year	\$ 1,519	\$ 4,559	\$ 7,750	\$ 150,734

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17,963	-	-	13,733	7,197	275,711	288,960	18,769
-	361	157	-	-	-	-	73,535
-	-	-	40,000	-	-	-	-
17,963	361	157	53,733	7,197	275,711	288,960	92,304
21,228	-	-	-	-	-	-	-
-	-	-	100,996	6,009	-	-	-
-	-	-	-	-	-	250,626	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	20,211
-	-	-	-	-	295,648	-	-
-	-	-	-	-	-	-	-
21,228	-	-	100,996	6,009	295,648	250,626	20,211
(3,265)	361	157	(47,263)	1,188	(19,937)	38,334	72,093
-	-	-	-	-	-	-	-
-	-	-	93,205	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	93,205	-	-	-	-
(3,265)	361	157	45,942	1,188	(19,937)	38,334	72,093
(10,335)	66,794	18,200	145,107	55,346	126,928	13,911	975,273
\$ (13,600)	\$ 67,155	\$ 18,357	\$ 191,049	\$ 56,534	\$ 106,991	\$ 52,245	\$ 1,047,366

(Continued)

Town of Easton, Connecticut

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2017**

	Special Revenue Funds			
	Open Space	EMS Special Services	Police Asset	Records Preservation
<b>Revenues:</b>				
Intergovernmental	\$ 19,700	\$ -	\$ -	\$ -
Charges for services	-	111,663	-	3,159
Investment income	4,372	-	399	-
Contributions	-	-	-	-
<b>Total revenues</b>	<b>24,072</b>	<b>111,663</b>	<b>399</b>	<b>3,159</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	1,880	-
Public works	-	-	-	-
Health and welfare	-	36,965	-	-
Education	-	-	-	-
Library	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>36,965</b>	<b>1,880</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>24,072</b>	<b>74,698</b>	<b>(1,481)</b>	<b>3,159</b>
<b>Other financing sources (uses):</b>				
Bond anticipation note proceeds	-	-	-	-
Transfers in	-	-	-	-
Premiums	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances (deficits)</b>	<b>24,072</b>	<b>74,698</b>	<b>(1,481)</b>	<b>3,159</b>
Fund balances (deficits), beginning of year	818,629	53,252	41,139	16,722
Fund balances (deficits), end of year	\$ 842,701	\$ 127,950	\$ 39,658	\$ 19,881

Special Revenue Funds						
Paine Barn Fund	Social Service	Town Hall Grants	Senior Center Leasing Buyout	Miscellaneous Grants	Town Clerk Community Fee	Land Acquisition
\$ -	\$ -	\$ 15,099	\$ -	\$ -	\$ -	\$ -
-	2,200	-	-	-	2,483	-
-	539	-	-	-	-	(187)
-	-	-	-	-	-	-
-	2,739	15,099	-	-	2,483	(187)
-	-	13,133	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	625	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	625	13,133	-	-	-	-
-	2,114	1,966	-	-	2,483	(187)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,114	1,966	-	-	2,483	(187)
1,514	35,895	(3,239)	(4,817)	38,268	22,627	9,892
\$ 1,514	\$ 38,009	\$ (1,273)	\$ (4,817)	\$ 38,268	\$ 25,110	\$ 9,705

(Continued)

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2017**

	Special Revenue Funds			Capital Project Funds		
	Senior Center Van	9/11 Memorial Fund	Field Usage Fund	Bonded Projects Fund	Capital Nonrecurring Projects	Nonmajor Governmental Funds
<b>Revenues:</b>						
Intergovernmental	\$ 46,833	\$ -	\$ -	\$ 36,000	\$ -	\$ 351,890
Charges for services	-	-	32,055	-	-	775,168
Investment income	-	-	-	-	941	80,117
Contributions	-	-	-	-	-	40,000
<b>Total revenues</b>	<b>46,833</b>	<b>-</b>	<b>32,055</b>	<b>36,000</b>	<b>941</b>	<b>1,247,175</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	51,566	-	-	-	-	85,927
Public safety	-	-	-	-	-	109,293
Public works	-	-	-	-	-	250,626
Health and welfare	-	-	-	-	-	37,590
Education	-	-	-	-	-	235,465
Library	-	-	-	-	-	20,211
Parks and recreation	-	-	25,836	-	-	321,484
Capital outlay	-	-	-	341	113,174	113,515
<b>Total expenditures</b>	<b>51,566</b>	<b>-</b>	<b>25,836</b>	<b>341</b>	<b>113,174</b>	<b>1,174,111</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,733)</b>	<b>-</b>	<b>6,219</b>	<b>35,659</b>	<b>(112,233)</b>	<b>73,064</b>
<b>Other financing sources (uses):</b>						
Bond anticipation note proceeds	-	-	-	3,994,000	-	3,994,000
Transfers in	-	-	-	308,000	70,000	471,205
Premiums	-	-	-	120,228	-	120,228
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,422,228</b>	<b>70,000</b>	<b>4,585,433</b>
<b>Net change in fund balances (deficits)</b>	<b>(4,733)</b>	<b>-</b>	<b>6,219</b>	<b>4,457,887</b>	<b>(42,233)</b>	<b>4,658,497</b>
Fund balances (deficits), beginning of year	(659)	1,053	17,123	(3,953,185)	475,200	(874,460)
Fund balances (deficits), end of year	\$ (5,392)	\$ 1,053	\$ 23,342	\$ 504,702	\$ 432,967	\$ 3,784,037

**Fiduciary Funds**



**Combining Statement of Changes in Assets and Liabilities - Agency Funds  
For the Fiscal Year Ended June 30, 2017**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b>Assets</b>				
Cash:				
Performance and road bonds	\$ 1,252,505	\$ 1,614,859	\$ 1,699,351	\$ 1,168,013
Student activity	67,236	204,424	204,424	67,236
<b>Total assets</b>	<b>\$ 1,319,741</b>	<b>\$ 1,819,283</b>	<b>\$ 1,903,775</b>	<b>\$ 1,235,249</b>
<b>Liabilities</b>				
Accounts payable:				
Performance and road bonds	\$ 1,252,505	\$ 1,614,859	\$ 1,699,351	\$ 1,168,013
Student activity	67,236	204,424	204,424	67,236
<b>Total liabilities</b>	<b>\$ 1,319,741</b>	<b>\$ 1,819,283</b>	<b>\$ 1,903,775</b>	<b>\$ 1,235,249</b>

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**Other Schedules**



**Schedule of Debt Limitation  
June 30, 2017**

Total tax collections (including interest and lien fees)	
For the year ended June 30, 2017:	
Town of Easton	\$ 40,920,739
Reimbursement for revenue loss:	
Tax relief for elderly freeze	<u>27,082</u>
<b>Base for debt limitation computation</b>	<b><u>\$ 40,947,821</u></b>

	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
Debt limitation:					
2-1/4 times base	\$ 92,132,597	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	184,265,195	-	-	-
3-3/4 times base	-	-	153,554,329	-	-
3-1/4 times base	-	-	-	133,080,418	-
3 times base	-	-	-	-	122,843,463
<b>Total debt limitation</b>	<u>92,132,597</u>	<u>184,265,195</u>	<u>153,554,329</u>	<u>133,080,418</u>	<u>122,843,463</u>
Indebtedness:					
Bonds payable	2,529,000	14,232,000	194,000	-	-
Bond anticipation notes payable	4,302,000	-	-	-	-
Authorized, unissued debt	1,848,000	-	-	-	-
Easton portion of Regional School District No. 9 bonds	-	7,288,495	-	-	-
<b>Net indebtedness</b>	<u>8,679,000</u>	<u>21,520,495</u>	<u>194,000</u>	<u>-</u>	<u>-</u>
<b>Debt limitation in excess of indebtedness</b>	<b><u>\$ 83,453,597</u></b>	<b><u>\$ 162,744,700</u></b>	<b><u>\$ 153,360,329</u></b>	<b><u>\$ 133,080,418</u></b>	<b><u>\$ 122,843,463</u></b>

In no event shall total indebtedness exceed \$286,634,747 or seven times the base for debt limitation computation.

Town of Easton, Connecticut

Exhibit E-1

Capital Projects Authorizations  
June 30, 2017

Capital Project Fund	Authorization	Current Year Expenditures	Cumulative Expenditures	Balance June 30, 2017
Capital nonrecurring:				
Wells Hill bridge	\$ 729,324	\$ 54,110	\$ 679,841	\$ 49,483
Town improvement trust fund	49,655	-	41,966	7,689
Fire truck	1,467,420	-	1,116,063	351,357
Senior Center van	163,160	-	148,604	14,556
Fire code work	14,925	-	14,730	195
Subdivision funds	106,501	-	-	106,501
Planning and zoning town plans	56,250	-	47,599	8,651
Town garage	122,285	-	110,981	11,304
EMS defibrillator	65,355	-	64,260	1,095
Revaluation	543,165	44,421	519,939	23,226
Morehouse Road Little League Fields	105,000	-	99,695	5,305
Fire hydrants	5,266	-	4,250	1,016
Garage	26,822	-	25,368	1,454
Highway Trucks	298,700	-	283,981	14,719
Staples renovation fire suppression	455,000	-	382,051	72,949
Town financials	4,800	-	3,814	986
Animal shelter	593,150	-	592,620	530
Town hall vault	5,000	-	4,942	58
660 Morehouse Rd. lead paint	159,700	-	155,905	3,795
Open air pavilion	347,357	-	330,489	16,868
Fire radios - LOCIP	42,419	-	41,795	624
	<u>\$ 5,361,254</u>	<u>\$ 98,531</u>	<u>\$ 4,668,893</u>	<u>\$ 692,361</u>
Bonded capital projects:				
South Park Avenue	6,450,000	341	6,287,208	162,792
	<u>\$ 6,450,000</u>	<u>\$ 341</u>	<u>\$ 6,287,208</u>	<u>\$ 162,792</u>