

Town of Easton, Connecticut

Financial Report
June 30, 2016

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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, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Easton, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of June 30, 2016 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, the pension related schedules as listed in the table of contents and the schedules of employer contributions and funding progress – OPEB, 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 30, 2017 on our consideration of the Town of Easton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Easton, Connecticut's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
January 30, 2017

Town of Easton, Connecticut
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

Management of the Town of Easton offers readers these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016.

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

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 \$70,481,820 (net position). Of this amount, \$6,376,803 (unrestricted net position) may be used to meet ongoing obligations.
- The Town's total net position increased by \$2,718,832. 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 \$6,071,301
- At the end of the current fiscal year, the unassigned fund balance of the general fund was \$6,305,761 or 14.0% of total general fund expenditures and transfers out.

Overview of the Basic Financial Statements

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

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 resource, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements.

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

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

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund 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 on pensions and OPEB.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$70,481,820 at the close of the most recent fiscal year.

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

<u>Summary Statement of Net Position</u>		
<u>Governmental</u>		
<u>Activities</u>		
	<u>June 30,</u>	<u>June 30,</u>
	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 14,476,168	\$ 14,734,894
Capital assets	89,111,824	90,239,287
Total assets	103,587,992	104,974,181
Deferred outflows of resources	2,765,337	1,796,801
Long-term obligations outstanding	27,909,973	29,521,927
Other liabilities	7,558,687	8,751,242
Total liabilities	35,468,660	38,273,169
Deferred inflows of resources	402,849	734,825
Net position		
Net investments in capital assets	63,906,406	61,999,386
Restricted	198,611	-
Unrestricted	6,376,803	5,763,602
Total net position	\$ 70,481,820	\$ 67,762,988

Of the Town's net position, \$198,611 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$6,376,803 may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position for the Town as a whole.

Town of Easton, Connecticut

Summary Schedule of Changes in Net Position

	Governmental Activities	
	2016	2015
Revenues		
Program revenues:		
Charges for services	\$ 2,367,435	\$ 2,443,885
Operating grants and contributions	2,720,348	2,426,672
Capital grants and contributions	-	1,078,404
General revenues:		
Property taxes	40,730,595	39,878,358
Grants and contributions not restricted to specific purposes	239,839	156,461
Investment income	167,028	84,143
Total revenues	46,225,245	46,067,923
Program expenses		
General government	2,305,505	2,831,735
Public safety	3,142,130	3,337,254
Public works	2,768,546	2,916,136
Health and welfare	489,342	490,150
Education	32,706,026	31,367,025
Library	763,850	738,313
Parks and recreation	910,542	939,134
Interest expense	420,472	478,903
Total expenses	43,506,413	43,098,650
Increase in net position	2,718,832	2,969,273
Net position		
Beginning	67,762,988	64,793,715
Ending	\$ 70,481,820	\$ 67,762,988

Financial Analysis of the Town's Funds

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

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

As of June 30, 2016, governmental funds had a combined ending fund balance of \$6,071,301.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was \$6,305,761. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 14.0% of total general fund expenditures and other financing uses, while total fund balance represents 15.4% of that same amount.

General Fund Budgetary Highlights

The most significant difference between the original budget and the final amended budget included additional appropriations and budget transfers of \$19,550 for various departments. The Board of Finance made special appropriations to the Treasurer's and First Selectman's budget, and transferred funds of \$287,189 from police special service revenue to cover expenditures. The Town meeting appropriated \$1,200,000 to cover insurance cost for the Board of Education.

The following departments had positive budget variances as follows:

- Fringe Benefits in the amount of \$332,830 due to increased percentage deductions paid by the employee, the election to accept "in lieu of" medical coverage with no significant event changes.
- The Public Works department in the amount of \$219,878 due to a less severe winter that saved funds in overtime and highway road salt and having vacancy of positions.
- Town Attorney account in the amount of \$82,650 due to legal issues postponements.

Bonded Capital Projects Fund

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

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

	Governmental Activities	
	2016	2015
Land	\$ 19,859,020	\$ 19,859,020
Construction in progress	24,430	189,307
Land improvements	402,331	410,126
Buildings	50,005,064	50,792,326
Building improvements	1,213,797	1,182,666
Machinery and equipment	808,228	597,848
Vehicles	2,561,993	2,643,471
Infrastructure	14,236,961	14,564,523
Total	\$ 89,111,824	\$ 90,239,287

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets as of June 30, 2016 is \$ 89,111,824 (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 Library Board expended approximately \$74,000 for the renovation of the conference room.
- The Town expended approximately \$189,000 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 the end of the current fiscal year, the Town had total debt outstanding of \$23,965,000. 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	
	2016	2015
General obligation bonds - Town improvements	\$ 2,964,000	\$ 3,399,000
General obligation bonds - School improvements	16,175,000	18,108,000
General obligation bonds - Sewer improvements	216,000	238,000
Bond anticipation notes	4,610,000	4,918,000
Total	\$ 23,965,000	\$ 26,663,000

The Town is also obligated for a portion of the Regional School District No. 9 general obligation debt in the net amount of \$5,739,430.

On December 15, 2015, the Town issued \$4,610,000 of bond anticipation notes. The bond anticipation notes bore interest at 2.0%, and matured on December 14, 2016 and were for land acquisition. The Town issued new bond anticipation notes on December 14, 2016 in the amount of \$4,302,000, after paying down \$308,000 of principle.

During the fiscal year, the Town made bond principal payments of \$2,390,000 for school and general purpose debt.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 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 \$289,214,324 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 2016 fiscal year:

- The unemployment rate for the Town is currently 4.3%. This compares favorably to the state's average unemployment rate of 5.8% and the national average rate of 4.9%.
- Inflationary trends in the region compare favorably to national indices.
- Town's elected and appointed officials considered Town-wide trends when setting the fiscal year 2016 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, 2016, the unassigned fund balance in the general fund was \$6,305,761.

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, 2016

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 7,147,827
Investments	5,270,254
Receivables, net	1,458,735
Prepays	599,352
Total current assets	<u>14,476,168</u>
Noncurrent assets:	
Capital assets:	
Capital assets, not being depreciated	19,883,450
Capital assets, being depreciated, net	69,228,374
Total capital assets	<u>89,111,824</u>
Total assets	<u>103,587,992</u>
Deferred Outflows of Resources	
Deferred pension expense	2,765,337
Total deferred outflows of resources	<u>2,765,337</u>
Liabilities	
Accounts payable and accrued expenses	2,301,503
Due to Regional School District No. 9	647,184
Bond anticipation notes	4,610,000
Noncurrent Liabilities:	
Due within one year	3,223,418
Due in more than one year	24,686,555
Total liabilities	<u>35,468,660</u>
Deferred Inflows of Resources	
Deferred pension credit	402,849
Total deferred inflows of resources	<u>402,849</u>
Net Position	
Net investments in capital assets	63,906,406
Restricted	198,611
Unrestricted	6,376,803
Total net position	<u>\$ 70,481,820</u>

Town of Easton, Connecticut

Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total
					Governmental Activities
Governmental activities:					
General government	\$ 2,305,505	\$ 980,253	\$ 242,321	\$ -	\$ (1,082,931)
Public safety	3,142,130	454,266	6,000	-	(2,681,864)
Public works	2,768,546	366,126	151,950	-	(2,250,470)
Health and welfare	489,342	24,205	-	-	(465,137)
Education	32,706,026	467,458	-	-	(32,238,568)
Library	763,850	62,477	2,320,077	-	1,618,704
Park and recreation	910,542	12,650	-	-	(897,892)
Interest and fiscal charges	420,472	-	-	-	(420,472)
Total governmental activities	<u>\$ 43,506,413</u>	<u>\$ 2,367,435</u>	<u>\$ 2,720,348</u>	<u>\$ -</u>	<u>(38,418,630)</u>
General revenues:					
Property taxes					40,730,595
Grants and contributions not restricted to specific programs					239,839
Investment income					167,028
Total general revenues					<u>41,137,462</u>
Change in net position					2,718,832
Net position - beginning					<u>67,762,988</u>
Net position - ending					<u>\$ 70,481,820</u>

See notes to financial statements.

Town of Easton, Connecticut

**Balance Sheet - Governmental Funds
June 30, 2016**

	General	Bonded Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,146,633	\$ 653,765	\$ 2,342,564	\$ 7,142,962
Investments	4,457,795	-	812,459	5,270,254
Receivables:				
Property taxes and accrued interest, net	1,263,705	-	-	1,263,705
Accounts Intergovernmental	128,465	3,050	56,243	187,758
Prepays	-	-	7,272	7,272
Prepays	599,352	-	-	599,352
Total assets	\$ 10,595,950	\$ 656,815	\$ 3,218,538	\$ 14,471,303
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ 801,193	\$ -	\$ 139,813	\$ 941,006
Accrued liabilities	906,567	-	-	906,567
Due to Regional School District No.9	647,184	-	-	647,184
Due to other funds	197,818	-	-	197,818
Bond anticipation notes	-	4,610,000	-	4,610,000
Total liabilities	2,552,762	4,610,000	139,813	7,302,575
Deferred inflows of resources:				
Unavailable revenue	1,097,427	-	-	1,097,427
Total deferred inflows of resources	1,097,427	-	-	1,097,427
Fund balances (deficits):				
Restricted	-	-	198,611	198,611
Committed	-	-	2,899,164	2,899,164
Assigned	640,000	-	-	640,000
Unassigned	6,305,761	(3,953,185)	(19,050)	2,333,526
Total fund balances (deficits)	6,945,761	(3,953,185)	3,078,725	6,071,301
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 10,595,950	\$ 656,815	\$ 3,218,538	\$ 14,471,303

See notes to financial statements.

Town of Easton, Connecticut

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2016**

Amounts reported for governmental activities in the statement of net position are different because of the following:	
Fund balances - total governmental funds	\$ 6,071,301
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	125,457,417
Less accumulated depreciation	(36,345,593)
Net capital assets	<u>89,111,824</u>
Deferred pension credit - Pension Plan	(286,434)
Deferred pension credit - MERS	(116,415)
Deferred pension expense - Pension Plan	2,387,783
Deferred pension expense - MERS	377,554
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	801,848
Interest receivable on property taxes	295,579
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.	
	(79,494)
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	(19,355,000)
Net pension liability - Pension Plan	(3,205,945)
Net pension liability - MERS	(1,540,446)
Compensated absences	(712,498)
Capital lease payable	(382,400)
Net OPEB obligation	(957,470)
Interest payable on bonds and notes	(171,753)
Unamortized bond premium	(858,018)
Heart and hypertension	(898,196)
Net position of governmental activities	<u>\$ 70,481,820</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, 2016

	General	Bonded Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 41,275,805	\$ -	\$ -	\$ 41,275,805
Intergovernmental	2,808,762	-	495,171	3,303,933
Charges for services	1,689,868	36,000	875,124	2,600,992
Investment income	137,356	-	29,564	166,920
Total revenues	45,911,791	36,000	1,399,859	47,347,650
Expenditures:				
Current:				
General government	2,068,998	-	141,878	2,210,876
Public safety	2,694,100	-	139,738	2,833,838
Public works	1,684,895	-	266,082	1,950,977
Health and welfare	382,817	-	33,000	415,817
Education	29,448,104	-	246,372	29,694,476
Library	592,319	-	43,116	635,435
Parks and recreation	390,947	-	372,545	763,492
Employee benefits	2,819,055	-	-	2,819,055
Insurance	857,210	-	-	857,210
Debt service	3,071,256	-	-	3,071,256
Capital outlay	245,865	341	202,417	448,623
Total expenditures	44,255,566	341	1,445,148	45,701,055
Revenues over (under) expenditures	1,656,225	35,659	(45,289)	1,646,595
Other financing sources (uses):				
Transfers in	26,568	664,928	291,073	982,569
Transfers out	(913,992)	(42,009)	(26,568)	(982,569)
Total other financing sources (uses)	(887,424)	622,919	264,505	-
Change in fund balances (deficits)	768,801	658,578	219,216	1,646,595
Fund balances (deficits):				
Beginning of year	6,176,960	(4,611,763)	2,859,509	4,424,706
End of year	\$ 6,945,761	\$ (3,953,185)	\$ 3,078,725	\$ 6,071,301

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, 2016**

Amounts reported for governmental activities in the statement of activities are due to:	
Net change in fund balances - total governmental funds	<u>\$ 1,646,595</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	448,623
Depreciation expense	(1,496,426)
Total	<u>(1,047,803)</u>
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	
	<u>(79,660)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:	
Miscellaneous grant receipts	(156,831)
Increase in property tax receivable - accrual basis change	(332,878)
Increase in property tax interest and lien revenue	(212,332)
Total	<u>(702,041)</u>
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of long-term debt and related items are as follows:	
Principal repayments:	
Capital lease payments	151,130
Amortization of bond premium	185,353
Bond principal repayments	2,390,000
Total	<u>2,726,483</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Net OPEB expense	588,563
Heart and hypertension claims	85,691
Compensated absences	128,736
Accrued interest payable	3,962
Net pension liability - Pension Plan	(1,594,372)
Net pension liability - MERS	(323,147)
Deferred pension expense - MERS	22,249
Deferred pension credit - MERS	231,771
Deferred pension expense - Pension Plan	946,287
Deferred pension credit - Pension Plan	100,205
Total	<u>189,945</u>
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	
	<u>(14,687)</u>
Change in net position of governmental activities	<u><u>\$ 2,718,832</u></u>

See notes to financial statements.

Town of Easton, Connecticut

Statement of Net Position (Deficit) - Proprietary Fund
June 30, 2016

	Governmental Activities
	<u>Internal Service Fund</u>
<hr/>	
Assets	
Current assets:	
Cash	\$ 4,865
Due from other funds	197,818
Total assets	<u>202,683</u>
Liabilities	
Current liabilities:	
Claims payable	282,177
Total liabilities	<u>282,177</u>
Net position (deficit)	
Unrestricted	<u>(79,494)</u>
Total net position (deficit)	<u>\$ (79,494)</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, 2016**

	Governmental Activities
	<u>Internal Service Fund</u>
Operating revenue:	
Premiums	\$ 3,674,216
Operating expenses:	
Claims	3,449,512
Administration	239,499
Total operating expenses	<u>3,689,011</u>
Net loss	(14,795)
Nonoperating revenue:	
Investment income	<u>108</u>
Change in net position (deficit)	(14,687)
Net position (deficit):	
Beginning	<u>(64,807)</u>
Ending	<u>\$ (79,494)</u>

See notes to financial statements.

Town of Easton, Connecticut

**Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2016**

	Governmental Activities
	<u>Internal Service Fund</u>
<hr/>	
Cash flows from operating activities:	
Premiums received	\$ 3,674,216
Claim payments	(3,429,960)
Administrative payments	(239,499)
Net cash provided by operating activities	<u>4,757</u>
Cash flows from investing activities:	
Income on investments	108
Net increase in cash and cash equivalents	<u>4,865</u>
Cash and cash equivalents:	
Beginning of year	<u>-</u>
End of year	<u>\$ 4,865</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (14,795)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Increase in:	
Claims payable	(154,101)
Decrease in:	
Due from other funds	<u>173,653</u>
Net cash provided by operating activities	<u>\$ 4,757</u>

See notes to financial statements.

Town of Easton, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2016

	Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 3,898,684	\$ 1,319,741
Investments, at fair value:		
Mutual funds	12,191,785	-
Accounts Receivable	9,728	-
Prepaid Benefits	64,866	-
Total assets	<u>16,165,063</u>	<u>1,319,741</u>
Liability		
Accounts and other payable	-	<u>1,319,741</u>
Net position:		
Net position - restricted for pension benefits	<u>\$ 16,165,063</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, 2016

	Pension Trust Fund
<hr/>	
Additions:	
Contributions:	
Employer	\$ 424,000
Plan members	191,745
Total contributions	<u>615,745</u>
Investment income:	
Net depreciation in fair value of investments	(1,102,681)
Interest and dividends	677,715
Net investment loss	<u>(424,966)</u>
Total net additions	<u>190,779</u>
Deductions:	
Benefits	720,851
Administrative expense	10,301
Total deductions	<u>731,152</u>
Changes in net position	(540,373)
Net position:	
Beginning of year	<u>16,705,436</u>
End of year	<u>\$ 16,165,063</u>

See notes to financial statements.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

Accounting standards adopted in the current year:

GASB Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of 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. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of this statement added additional disclosures to Note 2.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*. This statement completes the suite of pension standards. Statement No. 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statement Nos. 67 and 68). The requirements in Statement No. 73 for reporting pensions generally are the same as in Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The implementation of this statement had no impact on the Town's financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of this statement had no impact on the Town's financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. Portfolio quality and monthly shadow pricing are effective for periods beginning after December 15, 2015. The implementation of this statement had no impact on the Town's financial statements.

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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus, but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

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

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Additionally, the Town reports the following fund types:

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service 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.

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, 2016, and are calculated based upon prior collections.

For the fund financial statements, property taxes receivable at June 30, 2016, 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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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).

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Town of Easton, Connecticut

Notes to 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.

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 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*, \$9,940,061 of the Town's bank balance of \$11,160,061 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,387,880
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	552,181
	<u>\$ 9,940,061</u>

Town of Easton, Connecticut

Notes to Financial Statements

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

Cash equivalents: At June 30, 2016, the Town's cash equivalents amounted to \$1,301,344. The following table provides a summary of the Town's cash equivalents.

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

Investments: As of June 30, 2016, 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	\$ 4,457,795	\$ 500,195	\$ 605,744	\$ 3,351,856
Total			<u>\$ 500,195</u>	<u>\$ 605,744</u>	<u>\$ 3,351,856</u>
Other investments:					
Equities		375,465			
Mutual funds		12,628,779			
Total investments		<u>\$ 17,462,039</u>			

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

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

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

Custodial credit risk: Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2016, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

Town of Easton, Connecticut

Notes to Financial Statements

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

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, 2016:

	Fair Value Measurements Using			
	June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Investments by fair value level:				
Stocks	\$ 375,465	\$ 375,465	\$ -	\$ -
Mutual funds	12,628,779	12,628,779	-	-
Debt securities:				
U.S. Treasury	4,457,795	-	4,457,795	-
Total debt securities	4,457,795	-	4,457,795	-
Total investments by fair value level	\$ 17,462,039	\$ 13,004,244	\$ 4,457,795	\$ -

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

Note 3. Receivables

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

	General	Bonded Capital Projects	Nonmajor and Other Funds	Total
Receivables:				
Interest	\$ 264,806	\$ -	\$ -	\$ 264,806
Taxes	1,098,899	-	-	1,098,899
Accounts	128,465	3,050	56,243	187,758
Intergovernmental	-	-	7,272	7,272
Gross receivables	1,492,170	3,050	63,515	1,558,735
Less allowance for uncollectibles	(100,000)	-	-	(100,000)
Net total receivables	\$ 1,392,170	\$ 3,050	\$ 63,515	\$ 1,458,735

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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 3. Receivables (Continued)

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	\$ 1,097,427	\$ -
Total deferred inflow/unearned revenue for governmental funds	<u>\$ 1,097,427</u>	<u>\$ -</u>

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Increases	Decreases	Transfers	Balance June 30, 2016
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 19,859,020	\$ -	\$ -	\$ -	\$ 19,859,020
Construction in progress	189,307	-	-	(164,877)	24,430
Total capital assets, not being depreciated	<u>20,048,327</u>	<u>-</u>	<u>-</u>	<u>(164,877)</u>	<u>19,883,450</u>
Capital assets, being depreciated:					
Land improvements	646,318	13,500	-	-	659,818
Buildings	69,680,263	31,500	-	-	69,711,763
Building improvements	1,435,257	73,800	-	-	1,509,057
Machinery and equipment	1,722,982	87,192	-	164,877	1,975,051
Vehicles	6,052,266	243,159	(45,815)	-	6,249,610
Infrastructure	25,468,668	-	-	-	25,468,668
Total capital assets, being depreciated	<u>105,005,754</u>	<u>449,151</u>	<u>(45,815)</u>	<u>164,877</u>	<u>105,573,967</u>
Less accumulated depreciation for:					
Land improvements	(236,192)	(21,295)	-	-	(257,487)
Buildings	(18,887,937)	(818,762)	-	-	(19,706,699)
Building improvements	(252,591)	(42,669)	-	-	(295,260)
Machinery and equipment	(1,125,134)	(41,689)	-	-	(1,166,823)
Vehicles	(3,408,795)	(244,449)	(34,373)	-	(3,687,617)
Infrastructure	(10,904,145)	(327,562)	-	-	(11,231,707)
Total accumulated depreciation	<u>(34,814,794)</u>	<u>(1,496,426)</u>	<u>(34,373)</u>	<u>-</u>	<u>(36,345,593)</u>
Total capital assets, being depreciated, net	<u>70,190,960</u>	<u>(1,047,275)</u>	<u>(80,188)</u>	<u>164,877</u>	<u>69,228,374</u>
Governmental activities capital assets, net	<u>\$ 90,239,287</u>	<u>\$ (1,047,275)</u>	<u>\$ (80,188)</u>	<u>\$ -</u>	<u>\$ 89,111,824</u>

Town of Easton, Connecticut

Notes to Financial Statements

Note 4. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 179,640
Public safety	99,882
Public works	418,160
Education	780,617
Library	18,127
Total depreciation expense - governmental activities	<u>\$ 1,496,426</u>

Note 5. Interfund Accounts

At June 30, 2016, the amounts due to and from other funds were as follows:

Receivable Fund	Payable Fund	Amount
Internal Service Fund	General Fund	\$ 197,818
		<u>\$ 197,818</u>

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

Interfund transfers:

	Transfers In			Total
	General Fund	Bonded Capital Projects	Nonmajor Governmental Funds	
Transfers out:				
General Fund	\$ -	\$ 664,928	\$ 291,073	\$ 956,001
Nonmajor governmental	26,568	-	-	26,568
Total transfers out	<u>\$ 26,568</u>	<u>\$ 664,928</u>	<u>\$ 291,073</u>	<u>\$ 982,569</u>

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

Note 6. Short-Term Obligations – Bond Anticipation Notes

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

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Bond Anticipation Notes:				
Land acquisition	\$ 4,918,000	\$ 4,610,000	\$ 4,918,000	\$ 4,610,000
Total	<u>\$ 4,918,000</u>	<u>\$ 4,610,000</u>	<u>\$ 4,918,000</u>	<u>\$ 4,610,000</u>

On December 15, 2015, the Town issued \$4,610,000 of BAN's. These bond anticipation notes bear interest at 2.0% and matured on December 14, 2016 and are for land acquisition.

Town of Easton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Obligations

Changes in long-term obligations:

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Balance July 1, 2015,	Additions	Deductions	Balance Outstanding June 30, 2016	Current Portion
Bonds:									
General purpose:									
Improvement bond	\$ 1,424,000	07/15/10	07/15/25	1.0-3.75	\$ 1,045,000	\$ -	\$ 95,000	\$ 950,000	\$ 95,000
Refunding bond (2001 issue)	3,739,500	05/28/09	10/15/21	3.0-5.0	2,354,000	-	340,000	2,014,000	340,000
Total general purpose					3,399,000	-	435,000	2,964,000	435,000
Schools:									
Refunding bond (2001 issue)	5,765,500	05/28/09	10/15/21	3.0-5.0	3,626,000	-	525,000	3,101,000	525,000
Improvement bond	925,000	07/15/10	07/15/25	1.0-3.375	672,000	-	63,000	609,000	63,000
Refunding bond (2005 issue)	8,485,000	06/01/11	06/01/25	2.0-5.0	6,425,000	-	650,000	5,775,000	650,000
Obligation Bond	6,810,000	02/09/12	11/01/25	2.0-4.0	5,765,000	-	555,000	5,210,000	555,000
Total schools	1,620,000	01/15/15	01/15/25	2	1,620,000	-	140,000	1,480,000	150,000
					18,108,000	-	1,933,000	16,175,000	1,943,000
Sewer:									
Improvement bond	326,000	07/15/10	07/15/25	1.0-3.375	238,000	-	22,000	216,000	22,000
Total bond/notes					21,745,000	-	2,390,000	19,355,000	2,400,000
Bond premium									
Total bonds and related liabilities					1,043,371	-	185,353	858,018	107,398
Capital lease					533,530	-	151,130	382,400	382,400
Compensated absences					841,234	31,888	160,624	712,498	250,000
Net pension liability - Pension Plan					1,611,573	1,594,372	-	3,205,945	-
Net pension liability - MERS					1,217,299	323,147	-	1,540,446	-
Heart and hypertension					983,887	-	85,691	898,196	83,620
Net OPEB obligation					1,546,033	-	588,563	957,470	-
Total general long-term obligations					\$ 29,521,927	\$ 1,949,407	\$ 3,561,361	\$ 27,909,973	\$ 3,223,418

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:		
2017	\$ 2,400,000	\$ 580,124
2018	2,405,000	496,174
2019	2,395,000	422,911
2020	2,370,000	349,536
2021	2,360,000	267,374
2022-2026	6,770,000	432,927
2027-2031	655,000	-
Total	<u>\$ 19,355,000</u>	<u>\$ 2,549,046</u>

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, 2016, which matures through 2026, amounted to \$12,290,000. The Town's share of the debt, net of the related grant, was \$5,739,430.

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, 2016:

	Amount
Year ending June 30:	
2017	\$ 383,225
	383,225
Less amount representing interest	(825)
Present value of future minimum lease payment	<u>\$ 382,400</u>

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	\$ 92,961,747	\$ 7,757,000	\$ 85,204,747
Schools	185,923,494	24,146,991	161,776,503
Sewers	154,936,245	216,000	154,720,245
Urban renewal	134,278,079	-	134,278,079
Pension deficit	123,948,996	-	123,948,996

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$289,214,324 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 \$183,000 for general purposes and \$4,971 for school purposes.

Note 8. Fund Balance (Deficits)

The components of fund balance for the governmental funds at June 30, 2016 are as follows:

	General Fund	Bonded Capital Projects	Nonmajor Governmental Funds	Total
Fund balances:				
Restricted for:				
Grants	\$ -	\$ -	\$ 195,885	\$ 195,885
Education	-	-	2,726	2,726
	-	-	198,611	198,611
Committed to:				
Capital projects	-	-	475,200	475,200
General government	-	-	973,901	973,901
Public safety	-	-	241,592	241,592
Health and welfare	-	-	89,147	89,147
Library	-	-	975,273	975,273
Parks and recreation	-	-	144,051	144,051
	-	-	2,899,164	2,899,164
Assigned to:				
Subsequent year's budget	500,000	-	-	500,000
Potential claims	140,000	-	-	140,000
	640,000	-	-	640,000
Unassigned	6,305,761	(3,953,185)	(19,050)	2,333,526
Total fund balances (deficits)	\$ 6,945,761	\$ (3,953,185)	\$ 3,078,725	\$ 6,071,301

Town of Easton, Connecticut

Notes to Financial Statements

Note 8. Fund Balance (Deficits) (Continued)

Deficit fund balance: The following funds had fund balance deficits at June 30, 2016:

Major fund:		
Bonded capital projects	\$	(3,953,185)
Nonmajor funds:		
Senior center		(10,335)
Town hall grants		(3,239)
Senior center leasing buyout		(4,817)
Senior center van		(659)

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

Note 9. Risk Management

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

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

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
2014-2015	\$ 143,000	\$ 2,588,225	\$ 2,554,164	\$ 177,061
2015-2016	177,061	3,449,512	3,344,396	282,177

Town of Easton, Connecticut

Notes to Financial Statements

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, 2015
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

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 times 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 \$73,200 for 2014, 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>
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 times highest three year average compensation.</p> <p>Payable from age 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 \$73,200 for 2014, 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>
	COLA:	Benefits for all retirees will increase at a rate determined annually by the State of Connecticut.

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Pension Plans (Continued)

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.
Employee Contributions	Members will contribute 2.25% of compensation up to the Taxable Wage Base (\$117,000 for 2014), 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 July 1, 2015, the plan's membership consisted of:

Retirees and beneficiaries currently receiving benefits	73
Inactive plan members entitled to refunds of contributions only	11
Terminated members entitled to benefits but not yet receiving them	11
Current active members	82
Total	<u>177</u>

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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Pension Plans (Continued)

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2015, calculated based on the discount rate and actuarial assumptions below and then was projected forward to the measurement date June 30, 2016. There have been no significant changes between the valuation date and the fiscal year-end.

Valuation date	July 1, 2015
Measurement date	June 30, 2016
Inflation	2.6% -3.0%
Salary projection	3.0%
Mortality	Prescribed IRS Static Mortality Schedule
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair value

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, 2016:

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, 2015, 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%
Total weighted average real return			3.89%
Long-term inflation expectation			3.00%
Long-term expected normal return			<u>6.89%</u>

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Pension Plans (Continued)

Rate of return: For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (2.61) %. 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%. 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

Net pension liability of the town: The components of the net pension liability of the Town at June 30, 2016 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, 2015	\$ 18,317,009	\$ 16,705,436	\$ 1,611,573
Changes for the year:			
Service cost	455,050	-	455,050
Interest	1,289,862	-	1,289,862
Differences between expected and actual experience	29,938	-	29,938
Contributions - employer	-	424,000	(424,000)
Contributions - member	-	191,745	(191,745)
Net investment income (including investment expenses)	-	(435,267)	435,267
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(720,851)	(720,851)	-
Administrative expense	-	-	-
Net changes	1,053,999	(540,373)	1,594,372
Balances at June 30, 2016	\$ 19,371,008	\$ 16,165,063	\$ 3,205,945

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	\$ 5,598,943	\$ 3,205,945	\$ 1,221,856

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Pension Plans (Continued)

For the year ended June 30, 2016, the Town recognized pension expense of \$971,881. As of June 30, 2016, 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	\$ -	\$ (286,434)
Changes of assumptions	385,920	-
Net difference between projected and actual earnings on pension plan investments	2,001,863	-
Total	<u>\$ 2,387,783</u>	<u>\$ (286,434)</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:	
2017	\$ 584,416
2018	584,416
2019	584,416
2020	344,053
2021	4,048
Thereafter	-

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 (MERS). 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. MERS 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

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. For 2014, the breakpoint is \$69,200.

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

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 System 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	6/30/2014
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	27 years

Town of Easton, Connecticut

Notes to Financial Statements

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). For disabled retirees, the same table is used, adjusted with the male table set forward five years and the female table set forward one year

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 Plan. The annual money weighted rate of return net of investment expenses measured on monthly inputs was 7.32%.

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	\$ 2,901,136	\$ 1,540,446	\$ 421,714

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2016, the Town reported a liability of \$1,540,446 for its proportionate share of the net pension liability related to its participation in MERS. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. Town's proportion of the net pension liability was based on its share of contributions to the MERS for fiscal year 2014 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2014, the Town's proportion was 5.035%.

For the year ended June 30, 2016, the Town recognized pension expense of \$323,127. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

\$377,554 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2015/2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. 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	\$ -	\$ (116,415)
Town contributions subsequent to the measurement date	377,554	-
Total	<u>\$ 377,554</u>	<u>\$ (116,415)</u>

Town of Easton, Connecticut

Notes to Financial Statements

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:		
2017	\$	7,342
2018		7,342
2019		7,342
2020		94,389
2021		-
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 \$1,904,000 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

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). For the 2015/2016 school year, \$564,938 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Town is \$7,792,000.

Actuarial assumptions: The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 Percent

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries. The Scale AA projection to 2019 of the RP-2000 mortality rates with two-year setbacks continues to provide a sufficient margin in the assumed rates of mortality to allow for additional improvement in mortality experience. The post-retirement mortality rates are multiplied by 75% for death in active service. The post-retirement mortality rates are set forward ten years for the period after disability retirement.

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	Expected Rate of Return
Large cap U.S. equities	21.00%	5.80%
Developed non-U.S. equities	18.00%	6.60%
Emerging markets (non-U.S.)	9.00%	8.30%
Core fixed income	7.00%	1.70%
Inflation linked bond fund	3.00%	1.00%
Emerging market bond	5.00%	3.70%
High yield bonds	5.00%	3.90%
Real estate	7.00%	5.10%
Private equity	11.00%	7.60%
Alternative investments	8.00%	4.10%
Liquidity fund	6.00%	0.40%
	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 8.50 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 8.50 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 (7.50 percent) or 1-percentage-point higher (9.50 percent) than the current rate.

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
Net pension liability	\$ 26,332,085	\$ 20,880,564	\$ 16,246,731
	\$ 26,332,085	\$ 20,880,564	\$ 16,246,731

Town of Easton, Connecticut

Notes to Financial Statements

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 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 \$20,880,564 and 100% of the collective net pension liability is allocated to the State.

June 30, 2014 is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

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, 2016, the Town recognized \$1,904,000 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

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

Note 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.
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.

Town of Easton, Connecticut

Notes to Financial Statements

Note 11. Other Post-Employment Benefits (Continued)

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, 2014:

	<u>Town of Easton Retiree Medical Benefit Plan</u>
Number of retirees and eligible surviving spouses	12
Number of active participants	<u>172</u>
Total	<u><u>184</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, 2014
Actuarial cost method	Projected Unit Credit Cost
Amortization method	Level Dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%/annum
Projected salary increases	N/A

Retirement assumptions:

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

Board of Education:

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

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

Town of Easton, Connecticut

Notes to Financial Statements

Note 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:

	Town of Easton Retiree Medical Benefit Plan
Annual required contribution	\$ 173,637
Interest on net OPEB obligation	61,841
Adjustment to annual required contribution	<u>(85,986)</u>
Annual OPEB cost	149,492
Contribution made	<u>738,055</u>
Decrease in net OPEB obligation	(588,563)
Net OPEB obligation, July 1, 2015	<u>1,546,033</u>
Net OPEB obligation, June 30, 2016	<u><u>\$ 957,470</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2016 is presented below:

	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/14	\$ 218,978	\$ 60,148	27.5%	\$ 1,494,146
6/30/15	221,466	169,579	76.6%	1,546,033
6/30/16	149,492	738,055	493.7%	957,470

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	\$ -	\$ 2,623,470	\$ 2,623,470	0%	\$ 12,712,616	21.0%
7/1/2012	-	2,222,858	2,222,858	0%	13,338,378	17.0%
7/1/2014	-	1,850,910	1,850,910	0%	11,230,543	16.0%

Town of Easton, Connecticut

Notes to Financial Statements

Note 11. Other Post-Employment Benefits (Continued)

Schedule of employer contributions:

	Annual Required Contributions	Percentage Contributed
Years ended June 30:		
2014	\$ 237,345	25%
2015	242,017	70%
2016	173,637	425%

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. Governmental Accounting Standards Board Statements

The 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*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 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.

Note 13. Governmental Accounting Standards Board Statements (Continued)

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

- GASB Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
 - The gross dollar amount of taxes abated during the period
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

Note 13. Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.
- 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. Earlier application is encouraged.
- GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.
- 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. Earlier application is encouraged.

Town of Easton, Connecticut

Notes to Financial Statements

Note 14. Subsequent Event

General Obligation Bond Anticipation Notes: On December 14, 2016, the Town issued \$4,302,000 of General Obligation Bond Anticipation Notes. The notes mature on December 13, 2017, with interest at 2.0%.

Required Supplementary Information - *Unaudited*

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

Measurement Period Ended June 30,	2016	2015
Actuarially determined contribution	\$ 409,886	\$ 345,204
Contributions in relation to the actuarially determined contribution	424,000	574,570
Contribution deficiency (excess)	\$ (14,114)	\$ (229,366)
Covered-employee payroll	\$ 4,000,902	\$ 4,177,769
Contributions as a percentage of covered-employee payroll	10.60%	13.75%

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/proj. with RP-2014 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 Two Fiscal Years

	2016	2015
Changes in Net Pension Liability		
Total Pension Liability		
Service cost	\$ 455,050	\$ 464,998
Interest on total pension liability	1,289,862	1,207,931
Difference between expected/actual experience	29,938	(462,451)
Effect of assumption changes or inputs	-	574,172
Benefit payments	(720,851)	(723,795)
Net change in total pension liability	1,053,999	1,060,855
Total Pension Liability, beginning	18,317,009	17,256,154
Total pension liability, ending (a)	19,371,008	18,317,009
Fiduciary Net Position		
Employer contributions	424,000	574,570
Member contributions	191,745	171,338
Investment income net of investment expenses	(424,967)	(30,700)
Benefit payments	(720,851)	(723,795)
Administrative expenses	(10,300)	(10,225)
Net change in plan fiduciary net position	(540,373)	(18,812)
Fiduciary net position, beginning	16,705,436	16,724,248
Fiduciary net position, ending (b)	16,165,063	16,705,436
Net pension liability, ending = (a) - (b)	\$ 3,205,945	\$ 1,611,573
Fiduciary net position as a % of total pension liability	83.45%	91.20%
Covered payroll	\$ 4,000,902	\$ 4,177,769
Net pension liability as a % of covered payroll	80.13%	38.57%

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 - Municipal Employees' Retirement System - Police and Firefighters
Last Three Fiscal Years**

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

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)
Inflation	3.25%
Salary increases	4.25% - 11%, including inflation
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 -
Municipal Employees' Retirement System - Police and Firefighters
Last Two Fiscal Years**

	2016	2015
Town's proportion of the net pension liability	5.035%	5.035%
Town's proportionate share of the net pension liability	\$ 1,540,446	\$ 1,217,299
Town's covered-employee payroll	<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>112.40%</u>	<u>88.82%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>92.72%</u>	<u>90.48%</u>

Note to Schedule

Valuation date	June 30, 2014
Actuarial cost method	Entry age
Investment rate of return	8.00%
Salary increase	4.25-11.00 percent, including inflation
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market (20% write up)
Assumption changes	None
Benefit changes	None

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 Two Fiscal Years**

	2016	2015
Town's proportion of the net pension liability	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>\$ 20,880,564</u>	<u>\$ 19,299,853</u>
Total	<u>\$ 20,880,564</u>	<u>\$ 19,299,853</u>
Town's covered-employee payroll	<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>
System fiduciary net position as a percentage of the total pension liability	<u>59.50%</u>	<u>61.51%</u>

Notes to Connecticut State Teachers' Retirement System

Changes of Assumptions

In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted to more closely

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The following actuarial methods and assumptions were used to determine the most recent contributions reported in that schedule.

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	22.4 years
Asset valuation method	4-year smoothed market
Inflation	3.00 percent
Salary increase	3.75-7.00 percent, including inflation
Investment rate of return	8.50 percent, net of investment related expense

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 Eight 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%

Town of Easton, Connecticut

**Required Supplementary Information - Unaudited
Schedule of Funding Progress - OPEB
Last Six 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%

Required Supplementary Information - Unaudited
Schedule of Revenues and Other Financing Sources - Budget and Actual
General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Property taxes:				
Property taxes, current and prior	\$ 39,866,357	\$ 39,866,357	\$ 40,723,959	\$ 857,602
Interest and lien fees	120,000	120,000	532,150	412,150
Telephone access	18,296	18,296	19,696	1,400
Total property taxes	40,004,653	40,004,653	41,275,805	1,271,152
Intergovernmental:				
Educational assistance:				
Special education and education cost share	601,356	598,854	603,946	5,092
Other	290	290	252	(38)
Total educational assistance	601,646	599,144	604,198	5,054
Town assistance:				
Town aid roads	227,805	227,805	227,879	74
Infrastructure - LOCIP	37,000	37,000	18,621	(18,379)
Property tax relief	34,670	34,670	30,683	(3,987)
State owned property	60,237	60,237	-	(60,237)
Mashantucket Pequot grant	10,118	10,118	11,278	1,160
Civil preparedness	3,785	3,785	-	(3,785)
Property tax relief (veterans)	7,894	7,894	8,506	612
Miscellaneous	23,468	23,468	92,009	68,541
Total town assistance grants	404,977	404,977	388,976	(16,001)
Total intergovernmental	1,006,623	1,004,121	993,174	(10,947)
Investment income	125,000	125,000	137,356	12,356
Charges for services:				
Town clerk	197,000	197,000	264,693	67,693
Building department	150,000	150,000	155,390	5,390
660 Morehouse Road	417,949	417,949	425,809	7,860
Health department	19,000	19,000	31,065	12,065
Planning and zoning	19,000	19,000	17,019	(1,981)
Conservation commission	10,000	10,000	8,172	(1,828)
Police department	250,000	250,000	537,041	287,041
First Selectman	110,000	110,000	144,870	34,870

(Continued)

Required Supplementary Information - Unaudited
Schedule of Revenues and Other Financing Sources - Budget and Actual (Continued)
General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Charges for services (Continued):				
Fire marshal	\$ 500	\$ 500	\$ -	\$ (500)
Parks and recreation	24,541	24,541	3,622	(20,919)
Region 9 tuition	5,328	5,328	8,530	3,202
BOE tuition	11,811	11,811	11,054	(757)
Recycling bins	15,000	15,000	11,255	(3,745)
Highway department	1,600	1,600	6,426	4,826
Other	75,000	75,000	-	(75,000)
Total charges for services	1,306,729	1,306,729	1,624,946	318,217
Total revenues	42,443,005	42,440,503	44,031,281	1,590,778
Other financing sources:				
Fund balance reserved for FY 14-15	500,000	500,000	-	(500,000)
Total other financing sources	500,000	500,000	-	(500,000)
Total revenues and other financing sources	\$ 42,943,005	\$ 42,940,503	44,031,281	\$ 1,090,778
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			1,904,000	
Non-budget			3,078	
Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - General Fund			\$ 45,938,359	

**Required Supplementary Information - Unaudited
Schedule of Expenditures and Other Financing Uses - Budget and Actual
General Fund
For the Year Ended June 30, 2016**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
General government:					
Town clerk	\$ 167,643	\$ 1,598	\$ 169,241	\$ 163,793	\$ 5,448
First Selectman	163,994	2,520	166,514	154,487	12,027
Probate court	3,200	-	3,200	3,199	1
Registrar of voters	50,033	-	50,033	50,002	31
Board of finance	6,100	-	6,100	5,154	946
Auditors	36,750	-	36,750	35,600	1,150
Treasurer	207,862	17,932	225,794	217,996	7,798
Assessor	189,809	(64,431)	125,378	125,156	222
Board of assessment appeals	800	-	800	766	34
Tax collector	103,375	469	103,844	93,735	10,109
Town attorney	160,000	-	160,000	77,350	82,650
Planning and zoning commission	124,380	718	125,098	115,452	9,646
Zoning board of appeals	7,932	143	8,075	5,850	2,225
Building department	100,740	25,550	126,290	119,566	6,724
Technology computer	49,474	-	49,474	39,670	9,804
Town hall	138,565	568	139,133	105,771	33,362
Communication dispatchers	244,539	4,080	248,619	244,505	4,114
Commission for the elderly	57,633	-	57,633	54,927	2,706
Senior center	183,166	736	183,902	183,864	38
SSS building	376,996	-	376,996	299,828	77,168
Cemetery	2,192	-	2,192	2,125	67
Public celebrations	200	-	200	122	78
Total general government	2,375,383	(10,117)	2,365,266	2,098,918	266,348
Public safety:					
Police department	1,534,200	288,362	1,822,562	1,783,137	39,425
Fire department	875,402	(53,469)	821,933	802,622	19,311
Fire marshal	30,887	-	30,887	19,387	11,500
Emergency management	21,276	-	21,276	17,761	3,515
Firehouse rent	41,820	-	41,820	41,820	-
Conservation commission	39,907	504	40,411	38,291	2,120
Total public safety	2,543,492	235,397	2,778,889	2,703,018	75,871
Public works:					
Recycling	149,295	-	149,295	148,016	1,279
Highway department	2,266,527	5,957	2,272,484	2,067,602	204,882
Street lights	1,450	-	1,450	1,377	73
Engineering and professional services	33,300	-	33,300	19,656	13,644
Total public works	2,450,572	5,957	2,456,529	2,236,651	219,878
Health and welfare:					
Health director	75,613	1,221	76,834	76,744	90
EMS commission	338,641	2,865	341,506	321,209	20,297
Welfare	4,193	-	4,193	3,485	708
Total health and welfare	418,447	4,086	422,533	401,438	21,095

(Continued)

**Required Supplementary Information - Unaudited
Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
General Fund
For the Year Ended June 30, 2016**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Education:					
Easton Board of Education:					
General instruction	\$ 7,447,672	\$ 1,184,404	\$ 8,632,076	\$ 8,587,643	\$ 44,433
Kindergarten	8,726	(27)	8,699	8,655	44
Humanities	32,362	(62)	32,300	30,213	2,087
Integrated language arts	31,708	1,972	33,680	32,006	1,674
Curriculum	69,202	-	69,202	67,435	1,767
Science/math technology	47,107	(129)	46,978	41,158	5,820
Physical education/health	5,285	42	5,327	5,136	191
Student Activity Co-curricular	-	655	655	655	-
Special services	27,180	(4,200)	22,980	8,732	14,248
Special education	3,276,489	13,345	3,289,834	3,502,948	(213,114)
Guidance	3,584	-	3,584	3,147	437
Health services	181,747	7,077	188,824	186,433	2,391
Psychological services	11,950	5,950	17,900	13,409	4,491
Speech services	10,670	3,750	14,420	12,139	2,281
Educational media services	81,436	128	81,564	78,970	2,594
Technology plan	308,568	4,461	313,029	351,152	(38,123)
Board of education	86,470	-	86,470	52,896	33,574
Central administration	538,302	(307)	537,995	537,995	-
School administration	1,017,609	6,842	1,024,451	1,007,325	17,126
Operation/maint. physical plant	1,448,531	(28,045)	1,420,486	1,383,012	37,474
Student transportation	943,869	-	943,869	863,133	80,736
Food service	3,125	4,144	7,269	7,400	(131)
Total Easton Board of Education	15,581,592	1,200,000	16,781,592	16,781,592	-
Regional School District No. 9	10,808,101	-	10,808,101	10,808,101	-
Total education	26,389,693	1,200,000	27,589,693	27,589,693	-
Library	605,743	8,888	614,631	592,319	22,312
Parks and recreation:					
Parks and recreation commission	386,068	5,858	391,926	379,889	12,037
Tree warden	11,221	-	11,221	11,058	163
Total parks and recreation	397,289	5,858	403,147	390,947	12,200
Employee benefits:					
Pensions	867,490	-	867,490	823,218	44,272
Fringe benefits	1,836,841	-	1,836,841	1,569,408	267,433
Social Security and Medicare	445,000	2,554	447,554	426,429	21,125
Total employee benefits	3,149,331	2,554	3,151,885	2,819,055	332,830
Insurance	864,000	-	864,000	857,210	6,790
Other - contingency	150,000	(82,884)	67,116	(569)	67,685

(Continued)

**Required Supplementary Information - Unaudited
 Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)
 General Fund
 For the Year Ended June 30, 2016**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget
Debt service:					
Principal retirement	\$ 2,766,000	\$ -	\$ 2,766,000	\$ 2,697,500	\$ 68,500
Interest payments	705,841	-	705,841	660,761	45,080
Fiscal agent fees	20,500	-	20,500	20,495	5
Total debt service	3,492,341	-	3,492,341	3,378,756	113,585
Total expenditures	42,836,291	1,369,739	44,206,030	43,067,436	1,138,594
Other financing uses:					
Transfers out:					
Dog fund	106,714	-	106,714	106,714	-
Capital nonrecurring	-	137,000	137,000	137,000	-
Total other financing uses	106,714	137,000	243,714	243,714	-
Total expenditures and other financing uses	\$ 42,943,005	\$ 1,506,739	\$ 44,449,744	43,311,150	\$ 1,138,594

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	1,904,000
Non-budgetary	(45,592)
Total expenditures and other financing uses as reported on the statement of revenues, expenditures and changes in fund balances - General Fund	\$ 45,169,558

Town of Easton, Connecticut

Note to Required Supplementary Information – Unaudited

Note 1. Stewardship, Compliance and Accountability

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

- The budget is recommended by the Board of Finance at a Town Meeting and, if accepted, is adopted prior to July 1.
- The Board of Finance is authorized to transfer budgeted amounts within and between departments and to approve the first additional appropriation for a department, not to exceed \$20,000, in any one year. Additional appropriations after the first or in excess of \$20,000 must be approved by vote of a Town Meeting. During the year, the Board of Finance or Town Meeting approved additional appropriations of \$1,219,550 from fund balance.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval.
- Generally, all unencumbered appropriations lapse at year end, except for those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

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

General Fund

Balance Sheet
General Fund
June 30, 2016

Assets

Cash and cash equivalents	\$ 4,146,633
Investments	4,457,795
Property taxes receivable, net of allowance for uncollectible amounts	1,263,705
Accounts receivable	128,465
Prepaid Expenses	<u>599,352</u>
Total assets	<u><u>\$ 10,595,950</u></u>

Liabilities, Deferred Inflow of Resources and Fund Balances

Liabilities:

Accounts payable	\$ 801,193
Accrued liabilities	906,567
Due to Regional School District No. 9	647,184
Due to other funds	<u>197,818</u>
Total liabilities	<u><u>2,552,762</u></u>

Deferred inflows of resources - unavailable revenue	<u>1,097,427</u>
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Fund balances:

Assigned for subsequent year's budget	500,000
Assigned for potential claims	140,000
Unassigned	<u>6,305,761</u>
Total fund balance	<u><u>6,945,761</u></u>

Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 10,595,950</u></u>
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Town of Easton, Connecticut

Exhibit A-2

Report of Tax Collector
 General Fund
 For the Year Ended June 30, 2016

Grand List Year	Uncollected Taxes/Levy July 1, 2015	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Overpayment	Uncollected Taxes June 30, 2016
			Additions	Deletions			Taxes	Liens and Interest	Total		
2014	\$ -	\$ 40,418,818	\$ 21,347	\$ 83,817	\$ -	\$ 40,356,348	\$ 39,891,209	\$ 104,468	\$ 39,995,677	\$ 53,024	\$ 518,163
2013	541,565	-	3,743	7,449	-	537,859	257,682	59,284	316,966	11,085	291,262
2012	325,945	-	297	399	27,350	298,493	167,612	61,525	229,137	13,800	144,681
2011	217,826	-	-	240	7,959	209,627	132,327	75,763	208,090	121	77,421
2010	176,676	-	-	189	3,595	172,892	149,018	87,502	236,520	326	24,200
2009	107,725	-	-	84	2,460	105,181	93,190	74,194	167,384	8,788	20,779
2008	45,518	-	-	81	2,886	42,551	26,919	25,869	52,788	155	15,787
2007	24,028	-	-	81	1,764	22,183	21,902	29,270	51,172	434	715
2006	16,040	-	-	79	322	15,639	15,027	12,990	28,017	84	696
2005	451	-	-	-	241	210	-	-	-	350	560
2004	2,042	-	-	-	1,554	488	-	-	-	43	531
2003	985	-	-	-	452	533	-	-	-	-	533
2002	768	-	-	-	319	449	-	-	-	39	488
2001	733	-	-	-	399	334	-	-	-	6	340
2000	302	-	-	-	71	231	-	-	-	208	439
1999	2,304	-	-	-	-	2,304	-	-	-	-	2,304
Total	\$ 1,462,908	\$ 40,418,818	\$ 25,387	\$ 92,419	\$ 49,372	\$ 41,765,322	\$ 40,754,886	\$ 530,865	\$ 41,285,751	\$ 88,463	\$ 1,098,899

Property taxes receivable considered available:

June 30, 2015	(228,715)
June 30, 2016	<u>197,051</u>

Property tax revenues

\$ 40,723,222

Nonmajor Governmental Funds

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Town of Easton, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue Funds			
	Education Grants	Easton Day	Police Donations	Police Grants
Assets				
Cash	\$ 10,683	\$ 4,559	\$ 6,883	\$ 150,734
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	7,272	-	-	-
Total assets	\$ 17,955	\$ 4,559	\$ 6,883	\$ 150,734
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	15,229	\$ -	\$ -	\$ -
Total liabilities	15,229	-	-	-
Fund balances (deficits):				
Restricted	2,726	-	6,883	150,734
Committed	-	4,559	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	2,726	4,559	6,883	150,734
Total liabilities and fund balances (deficits)	\$ 17,955	\$ 4,559	\$ 6,883	\$ 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	
\$ -	\$ 66,794	\$ 18,200	\$ 152,899	\$ 56,132	\$ 158,053	\$ 10,361	\$ 162,814	
-	-	-	-	-	-	-	812,459	
-	-	-	-	-	-	49,700	-	
-	-	-	-	-	-	-	-	
<u>\$ -</u>	<u>\$ 66,794</u>	<u>\$ 18,200</u>	<u>\$ 152,899</u>	<u>\$ 56,132</u>	<u>\$ 158,053</u>	<u>\$ 60,061</u>	<u>\$ 975,273</u>	
\$ 10,335	\$ -	\$ -	\$ 7,792	\$ 786	\$ 31,125	\$ 46,150	\$ -	
<u>10,335</u>	<u>-</u>	<u>-</u>	<u>7,792</u>	<u>786</u>	<u>31,125</u>	<u>46,150</u>	<u>-</u>	
-	-	-	-	-	-	-	-	
-	66,794	18,200	145,107	55,346	126,928	13,911	975,273	
(10,335)	-	-	-	-	-	-	-	
<u>(10,335)</u>	<u>66,794</u>	<u>18,200</u>	<u>145,107</u>	<u>55,346</u>	<u>126,928</u>	<u>13,911</u>	<u>975,273</u>	
\$ -	\$ 66,794	\$ 18,200	\$ 152,899	\$ 56,132	\$ 158,053	\$ 60,061	\$ 975,273	

(Continued)

Town of Easton, Connecticut

**Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016**

	Special Revenue Funds			
	Open Space	EMS Special Services	Police Asset	Records Preservation
Assets				
Cash	\$ 818,629	\$ 65,381	\$ 41,139	\$ 16,722
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 818,629	\$ 65,381	\$ 41,139	\$ 16,722
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$ 12,129	\$ -	\$ -
Total liabilities	-	12,129	-	-
Fund balances (deficits):				
Restricted	-	-	-	-
Committed	818,629	53,252	41,139	16,722
Unassigned	-	-	-	-
Total fund balances (deficits)	818,629	53,252	41,139	16,722
Total liabilities and fund balances (deficits)	\$ 818,629	\$ 65,381	\$ 41,139	\$ 16,722

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	\$ 35,895	\$ -	\$ -	\$ 38,268	\$ 22,577	\$ 9,892		
-	-	-	-	-	-	-		
-	-	-	-	-	50	-		
-	-	-	-	-	-	-		
<u>\$ 1,514</u>	<u>\$ 35,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,268</u>	<u>\$ 22,627</u>	<u>\$ 9,892</u>		
\$ -	\$ -	\$ 3,239	\$ 4,817	\$ -	\$ -	\$ -		
-	-	3,239	4,817	-	-	-		
-	-	-	-	38,268	-	-		
1,514	35,895	-	-	-	22,627	9,892		
-	-	(3,239)	(4,817)	-	-	-		
<u>1,514</u>	<u>35,895</u>	<u>(3,239)</u>	<u>(4,817)</u>	<u>38,268</u>	<u>22,627</u>	<u>9,892</u>		
<u>\$ 1,514</u>	<u>\$ 35,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,268</u>	<u>\$ 22,627</u>	<u>\$ 9,892</u>		

(Continued)

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Senior Center Van	9/11 Memorial Fund	Field Usage Fund	Capital Nonrecurring Projects	
Assets					
Cash	\$ -	\$ 1,053	\$ 17,123	\$ 476,259	\$ 2,342,564
Investments	-	-	-	-	812,459
Accounts receivable	6,493	-	-	-	56,243
Due from other governments	-	-	-	-	7,272
Total assets	\$ 6,493	\$ 1,053	\$ 17,123	\$ 476,259	\$ 3,218,538
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ 7,152	\$ -	\$ -	1,059	\$ 139,813
Total liabilities	7,152	-	-	1,059	139,813
Fund balances (deficits):					
Restricted	-	-	-	-	198,611
Committed	-	1,053	17,123	475,200	2,899,164
Unassigned	(659)	-	-	-	(19,050)
Total fund balances (deficits)	(659)	1,053	17,123	475,200	3,078,725
Total liabilities and fund balances (deficits)	\$ 6,493	\$ 1,053	\$ 17,123	\$ 476,259	\$ 3,218,538

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Town of Easton, Connecticut

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

	Special Revenue Funds			
	Education Grants	Easton Day	Police Donations	Police Grants
Revenues:				
Intergovernmental	\$ 246,850	\$ -	\$ -	\$ 6,000
Charges for services	-	-	1,204	-
Investment income	-	-	-	-
Contributions	-	-	-	-
Total revenues	246,850	-	1,204	6,000
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	1,054	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Education	246,372	-	-	-
Library	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	13,000
Total expenditures	246,372	-	1,054	13,000
Excess (deficiency) of revenues over expenditures	478	-	150	(7,000)
Other financing sources (uses):				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	478	-	150	(7,000)
Fund balances (deficits), beginning of year	2,248	4,559	6,733	157,734
Fund balances (deficits), end of year	\$ 2,726	\$ 4,559	\$ 6,883	\$ 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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44,740	8	-	13,929	8,803	373,235	290,214	12,650	
-	191	91	-	-	-	-	25,251	
-	-	-	-	-	-	-	-	
44,740	199	91	13,929	8,803	373,235	290,214	37,901	
49,412	-	-	-	-	-	-	-	
-	-	-	124,930	7,233	-	-	-	
-	-	-	-	-	-	266,082	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	299,259	-	43,116	
-	-	-	-	-	39,387	-	-	
49,412	-	-	124,930	7,233	338,646	266,082	116,916	
(4,672)	199	91	(111,001)	1,570	34,589	24,132	(79,015)	
-	-	-	-	-	(26,568)	-	-	
-	-	-	106,714	-	-	-	-	
-	-	-	106,714	-	(26,568)	-	-	
(4,672)	199	91	(4,287)	1,570	8,021	24,132	(79,015)	
(5,663)	66,595	18,109	149,394	53,776	118,907	(10,221)	1,054,288	
\$ (10,335)	\$ 66,794	\$ 18,200	\$ 145,107	\$ 55,346	\$ 126,928	\$ 13,911	\$ 975,273	

(Continued)

Town of Easton, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			
	Open Space	EMS Special Services	Police Asset	Records Preservation
Revenues:				
Intergovernmental	\$ 9,600	\$ -	\$ -	\$ -
Charges for services	-	48,114	-	3,255
Investment income	2,113	-	226	-
Contributions	-	-	-	-
Total revenues	11,713	48,114	226	3,255
Expenditures:				
Current:				
General government	-	-	-	3,321
Public safety	-	-	6,521	-
Public works	-	-	-	-
Health and welfare	-	30,616	-	-
Education	-	-	-	-
Library	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	30,616	6,521	3,321
Excess (deficiency) of revenues over expenditures	11,713	17,498	(6,295)	(66)
Other financing sources (uses):				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	11,713	17,498	(6,295)	(66)
Fund balances, beginning of year	806,916	35,754	47,434	16,788
Fund balances, end of year	\$ 818,629	\$ 53,252	\$ 41,139	\$ 16,722

Special Revenue Funds							
Paine Barn Fund	Social Service	Town Hall Grants	Senior Center Leasing Buyout	Miscellaneous Grants	Town Clerk Community Fee	Land Acquisition	
\$ -	\$ -	\$ 30,209	\$ -	\$ 14,500	\$ -	\$ -	\$ -
-	1,100	-	-	-	2,323	-	-
-	109	-	-	-	-	1,140	-
-	-	-	-	-	-	-	-
-	1,209	30,209	-	14,500	2,323	1,140	-
1,457	-	35,586	-	15,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,284	100	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,457	2,284	35,686	-	15,000	-	-	-
(1,457)	(1,075)	(5,477)	-	(500)	2,323	1,140	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,457)	(1,075)	(5,477)	-	(500)	2,323	1,140	-
2,971	36,970	2,238	(4,817)	38,768	20,304	8,752	-
\$ 1,514	\$ 35,895	\$ (3,239)	\$ (4,817)	\$ 38,268	\$ 22,627	\$ 9,892	-

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Senior Center Van	9/11 Memorial Fund	Field Usage Fund	Capital Nonrecurring Projects	
Revenues:					
Intergovernmental	\$ 47,857	\$ -	\$ -	\$ 140,155	\$ 495,171
Charges for services	-	-	75,549	-	875,124
Investment income	-	-	-	443	29,564
Contributions	-	-	-	-	-
Total revenues	47,857	-	75,549	140,598	1,399,859
Expenditures:					
Current:					
General government	37,102	-	-	-	141,878
Public safety	-	-	-	-	139,738
Public works	-	-	-	-	266,082
Health and welfare	-	-	-	-	33,000
Education	-	-	-	-	246,372
Library	-	-	-	-	43,116
Parks and recreation	-	-	73,286	-	372,545
Capital outlay	-	-	-	76,230	202,417
Total expenditures	37,102	-	73,286	76,230	1,445,148
Excess (deficiency) of revenues over expenditures	10,755	-	2,263	64,368	(45,289)
Other financing sources (uses):					
Transfers out	-	-	-	-	(26,568)
Transfers in	-	-	-	184,359	291,073
Total other financing sources (uses)	-	-	-	184,359	264,505
Net change in fund balances	10,755	-	2,263	248,727	219,216
Fund balances, beginning of year	(11,414)	1,053	14,860	226,473	2,859,509
Fund balances, end of year	\$ (659)	\$ 1,053	\$ 17,123	\$ 475,200	\$ 3,078,725

Fiduciary Funds

**Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Fiscal Year Ended June 30, 2016**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Assets				
Cash:				
Performance and road bonds	\$ 1,561,307	\$ 1,614,859	\$ 1,923,661	\$ 1,252,505
Student activity	50,623	204,424	187,811	67,236
Total assets	\$ 1,611,930	\$ 1,819,283	\$ 2,111,472	\$ 1,319,741
Liabilities				
Accounts payable:				
Performance and road bonds	\$ 1,561,307	\$ 1,614,859	\$ 1,923,661	\$ 1,252,505
Student activity	50,623	204,424	187,811	67,236
Total liabilities	\$ 1,611,930	\$ 1,819,283	\$ 2,111,472	\$ 1,319,741

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Other Schedules

**Schedule of Debt Limitation
June 30, 2016**

Total tax collections (including interest and lien fees)	
For the year ended June 30, 2016:	
Town of Easton	\$ 41,285,751
Reimbursement for revenue loss:	
Tax relief for elderly freeze	30,581
Base for debt limitation computation	\$ 41,316,332

	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
Debt limitation:					
2-1/4 times base	\$ 92,961,747	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	185,923,494	-	-	-
3-3/4 times base	-	-	154,936,245	-	-
3-1/4 times base	-	-	-	134,278,079	-
3 times base	-	-	-	-	123,948,996
Total debt limitation	92,961,747	185,923,494	154,936,245	134,278,079	123,948,996
Indebtedness:					
Bonds payable	2,964,000	16,175,000	216,000	-	-
Bond anticipation notes payable	4,610,000	-	-	-	-
Authorized, unissued debt	183,000	4,971	-	-	-
Easton portion of Regional School					
District No. 9 bonds	-	5,739,430	-	-	-
District No. 9 BANs	-	2,227,590	-	-	-
Net indebtedness	7,757,000	24,146,991	216,000	-	-
Debt limitation in excess of indebtedness	\$ 85,204,747	\$ 161,776,503	\$ 154,720,245	\$ 134,278,079	\$ 123,948,996

In no event shall total indebtedness exceed \$289,214,324 or seven times the base for debt limitation computation.

**Capital Projects Authorizations
June 30, 2016**

Capital Project Fund	Authorization	Current Year Expenditures	Cumulative Expenditures	Balance June 30, 2016
Capital nonrecurring:				
Wells Hill bridge	\$ 729,324	\$ 51	\$ 625,731	\$ 103,593
Town improvement trust fund	49,655	-	41,966	7,689
Fire truck	1,397,420	-	1,116,063	281,357
Heat and smoke systems	6,500	-	-	6,500
Senior Center van	163,160	-	148,604	14,556
Fire code work	14,925	-	14,730	195
Subdivision funds	105,853	-	-	105,853
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	23,536	475,518	67,647
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	31,564	31,564	31,564	-
Morehouse Rd. repair and permanent	347,357	-	330,489	16,868
Fire radios - LOCIP	42,419	-	41,795	624
	<u>\$ 5,328,670</u>	<u>\$ 55,151</u>	<u>\$ 4,601,926</u>	<u>\$ 726,744</u>
Bonded capital projects:				
South Park Avenue	6,450,000	340	6,286,867	163,133
	<u>\$ 6,450,000</u>	<u>\$ 340</u>	<u>\$ 6,286,867</u>	<u>\$ 163,133</u>