

**Annual Financial Report**  
**of the**  
**Town of East Haven, Connecticut**  
**Year Ended June 30, 2016**

# TOWN OF EAST HAVEN, CONNECTICUT

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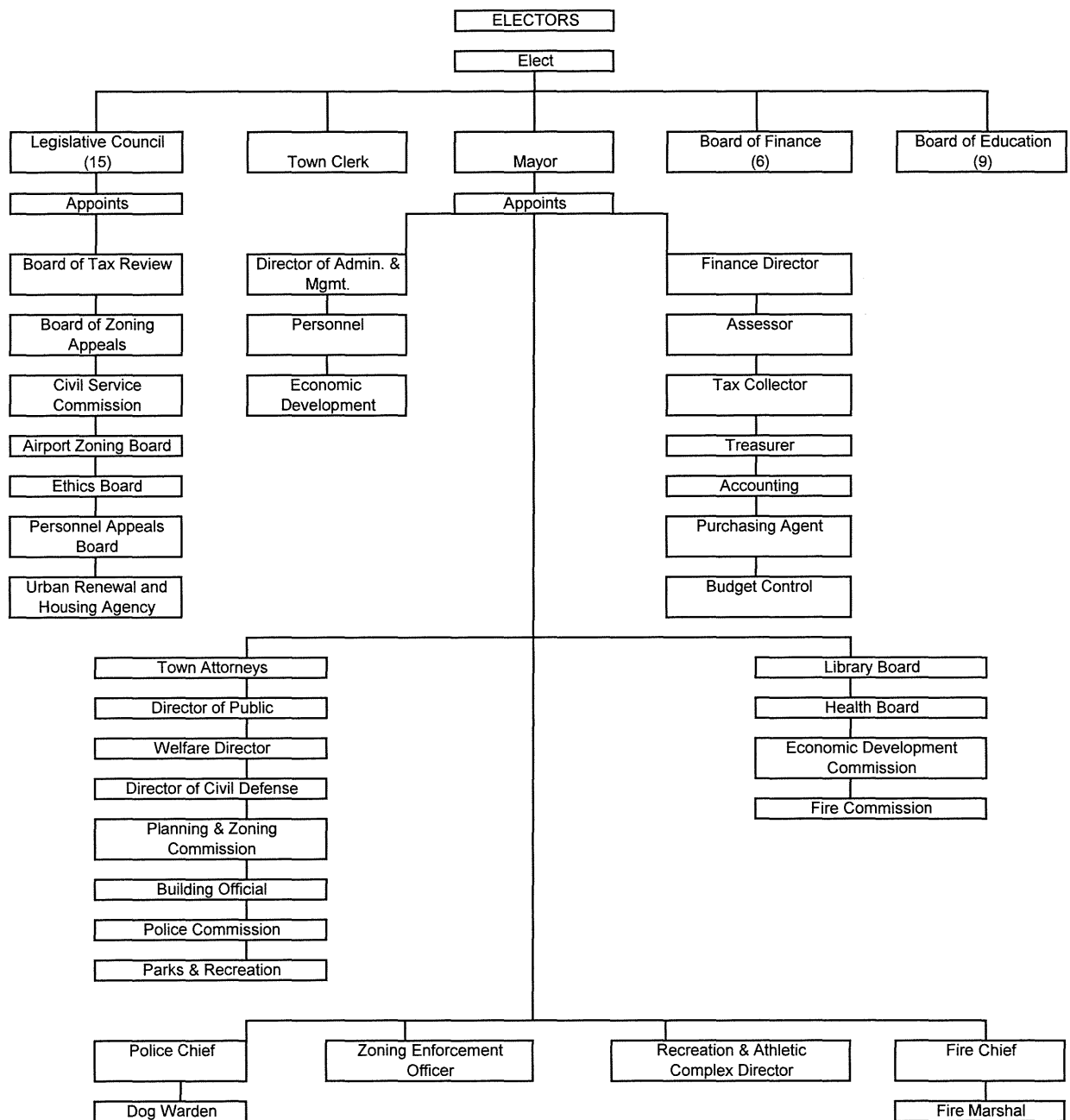
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## **Introductory Section**

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TOWN OF EAST HAVEN, CONNECTICUT

# ORGANIZATIONAL CHART



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## Financial Section

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Independent Auditor's Report

Board of Finance  
Town of East Haven, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Haven, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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



### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Haven, Connecticut, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund 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 and the pension and other post-employment benefit plans schedules on pages 5 to 12 and pages 62 to 68, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Haven, Connecticut's basic financial statements. The introductory section, supplemental schedules and trend data section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and trend data sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2016, on our consideration of the Town of East Haven, 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 East Haven, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Hartford, Connecticut  
December 30, 2016



FINANCE DEPARTMENT

PAUL S. RIZZA

Director of Finance

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## Management's Discussion and Analysis Year Ended June 30, 2016

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As management of the Town of East Haven, Connecticut we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016.

### **Financial Highlights**

- On a government-wide basis, the Town's net position decreased by \$4,183,425 for the fiscal year. Positive operations of the general fund of \$1,133,876, self-insurance fund of \$534,012, medical insurance fund of \$563,555 and workers' compensation fund of \$974,080 were offset by decreases in the capital projects fund of \$2,193,243 and an increase in the other post-employment liability of \$5,071,166.
- The Town's net position totals \$27,553,566. Of this amount, unrestricted net position was a deficit balance of \$(29,130,547). This deficit increased during the year mainly due to the increase in the other post-employment benefit liability.
- At year end, the unassigned fund balance for the general fund was \$4,984,714, an increase of \$1,133,876 from the prior year. The unassigned fund balance represents 5.7% of total budgetary expenditures as compared to 4.3%
- The Town's total long-term debt decreased by \$4,530,000. The decrease was solely due to scheduled debt payments.

### **Overview of the Basic Financial Statements**

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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The *statement of net position* presents information on all of the Town's assets, deferred outflows, liabilities and deferred inflows, with the difference between these accounts being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial 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 activities whose functions are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include general government, public safety, public works, culture and recreation, health and welfare and education.

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

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

For governmental funds, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is presented in Schedules 4 and 5 of this report.

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

**Proprietary funds.** The Town maintains one type of 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 internal service funds to account for its self-insured workers' compensation, medical benefits and other claims. These activities have 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. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the 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 plans as required by GASB statements 67 and 68 as well as the Town's other post-employment benefit plans as required by GASB statements 43 and 45. Required supplementary information can be found following the notes.

The combining statements and supplemental schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to financial statements.

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

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$27,553,566 at the close of the fiscal year (after the restatement for the net pension liability).

	<b><u>Summary Statement of Net Position</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b> <b><u>(as restated)</u></b>
Current and other assets	\$ 29,096,377	\$ 28,857,228
Capital assets (net)	84,279,485	87,669,601
Total assets	113,375,862	116,526,829
Deferred outflows of resources	3,055,438	2,567,016
Current liabilities	21,836,040	20,044,357
Long-term liabilities	64,520,931	63,063,992
Total liabilities	86,356,971	83,108,349
Deferred inflows of resources	2,520,763	4,248,505
Net investment in capital assets	54,687,757	54,538,832
Restricted	1,996,356	2,097,714
Unrestricted	(29,130,547)	(24,899,555)
Total net position	\$ 27,553,566	\$ 31,736,991

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used of \$1,996,356. The remaining balance of unrestricted net position is a deficit balance in the amount of \$29,130,547.

**Governmental activities.** As previously noted, the statement of activities' purpose is presenting information in how the Town's net position changed during the most recent fiscal year. The Town's net position decreased by \$4,183,425 for the fiscal year. This is a result of positive operations of the general fund of \$1,133,876, self-insurance fund of \$534,012, medical insurance fund of \$563,555, and workers' compensation fund of \$974,080 and offset by a decrease in the capital projects fund as well as the increase in the other post-employment liability of \$5,071,166.

	<b>Statement of Changes in Net Position</b>	
	<b>2016</b>	<b>2015</b>
Revenues:		
Program revenues:		
Charges for services	\$ 3,473,251	\$ 3,611,723
Operating grants and contributions	30,819,650	29,716,676
Capital grants and contributions	331,519	331,519
General revenues:		
Property taxes	64,515,021	64,585,031
Grants and contributions not restricted to specific programs	897,510	1,039,493
Investment income (loss)	43,120	147,232
Miscellaneous	124,135	129,870
Total revenues	<u>100,204,206</u>	<u>99,561,544</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

	<b>Statement of Changes in Net Position</b>	
	<b>2016</b>	<b>2015</b>
Expenses:		
General government	\$ 4,573,742	\$ 4,487,048
Public safety	20,167,431	19,419,729
Public works	9,284,044	8,361,845
Culture and recreation	2,514,190	2,531,765
Health and welfare	1,486,625	1,302,182
Education	65,203,368	60,805,829
Interest expense	1,158,231	1,467,224
Total expenses	104,387,631	98,375,622
Change in net position	(4,183,425)	1,185,922
Net Position - July 1 (as restated)	31,736,991	22,091,040
Restatement for net pension liability	-	8,460,029
Net Position - June 30	\$ 27,553,566	\$ 31,736,991

**Governmental Activities - Revenues**

The significant changes in revenues for the fiscal year were as follows:

- Operating grants and contributions increased by \$1,102,974 due the increase in the on-behalf amounts recorded for the State Teachers' Retirement plan contribution.
- Grants and contributions not restricted to specific programs decreased \$141,983 due to reductions in state aid.

**Governmental Activities - Expenses**

The significant changes in expenses for the fiscal were as follows:

- Public safety expense increased by \$747,702 due to increases in other post-employment benefit costs, pension benefit costs and offset by a decrease in estimates for public safety related legal claims.
- Public works expense increased by \$922,199 due to increases in road repair costs and increases to both pension and other post-employment benefit expenses.
- Education expense increased due to the on-behalf amounts recorded for the State Teachers' Retirement plan contribution, contractual increases to salaries and benefits and increases in other post-employment benefit expenses.

### **Financial Analysis of the Town's Funds**

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

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

The combined fund balances of governmental funds for the fiscal year ended June 30, 2016 is \$3,549,815. This amount is comprised of the following components: (1) nonspendable reserve for endowments in the amount of \$100,000, (2) restricted amounts totaling \$1,896,356, (3) committed amounts of \$730,674, (4) assigned amounts totaling \$176,750 and (5) unassigned amounts of \$646,035.

#### **General Fund**

The general fund is the operating fund of the Town. The fund balance of the general fund increased by \$1,133,876 during the fiscal year. This increase is mainly due to the following factors:

- Property tax revenues were less than budgeted by \$472,836 due to motor vehicle and personal property taxes falling short of projections.
- Intergovernmental revenues were \$292,185 less than budgeted due to decreases in state aid.
- General government expenditures were under budget due to the \$600,000 that the Town budgeted to increase fund balance.
- Employee benefits expenditures were underspent by \$922,544 due to lower medical rates than anticipated as well as lower annual amortization charges from the MERS pension plan for Police and Fire employees. Additionally, the budget had included funds to cover any additional retirements that may have resulted from the finalization of contracts. Retirements were less than what was budgeted.

#### **Capital Projects Fund**

This fund's net change in fund balance was a decrease of \$2,193,243 for the fiscal year, resulting in a deficit fund balance at the end of the year of \$4,093,577. The decrease was a result of expenditures related to Town-wide capital improvement expenses as well as continued costs for the police department in meeting its requirements in relation to the Department of Justice settlement which are being funded with bond anticipation notes and costs that were funded subsequent to June 30, 2016.



**Capital Assets and Debt Administration**

The Town of East Haven's investment in capital assets was \$84,279,485 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles and infrastructure (roads, sidewalks and bridges).

The significant capital asset activities during the year were various building improvements and the purchase of public works vehicles and public safety vehicles and equipment.

These additions were offset by depreciation expense of \$4,129,538, resulting in the net decrease of \$3,390,116.

	<b>Capital Assets - Net</b>	
	<b>2016</b>	<b>2015</b>
Land	\$ 3,497,216	\$ 3,497,216
Construction in progress	2,223,700	2,319,832
Land improvements	2,389,750	2,589,145
Buildings	40,382,376	41,362,720
Building improvements	4,253,372	5,523,078
Machinery and equipment	2,120,985	2,293,147
Vehicles	1,713,957	1,830,426
Infrastructure	27,698,129	28,254,037
Total	<u>\$ 84,279,485</u>	<u>\$ 87,669,601</u>

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

**Long-term Debt**

The Town's long-term debt decreased by \$4,530,000. The decrease was a direct result of scheduled principal payments as there was no new debt issued.

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$26,345,000. Of this amount, \$2,019,397 will be funded from state grants, resulting in net outstanding long-term debt in the amount of \$24,325,603, which is backed by the full faith and credit of the Town.

The Town also has \$2,500,000 in bond anticipation notes outstanding at fiscal year end.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### OUTSTANDING LONG-TERM DEBT

	2016	2015
General purpose bonds	\$ 20,232,412	\$ 22,204,108
School bonds	6,112,588	8,310,892
Sewer	-	360,000
Total	<u>\$ 26,345,000</u>	<u>\$ 30,875,000</u>

The Town maintains an "A-" rating from Standard and Poors for general obligation debt. This rating was upgraded in October 2016 to A+.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 ¼ to 4 ½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town is \$443,711,170, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III.F.

### **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate for the State is currently 5.9%, which is an increase from a rate of 5.8% a year ago. This is higher than the national average of 4.9%. The Town's unemployment rate was 6.6%.

Town officials considered many factors when setting the fiscal year 2017 budget. The Town decided that it was important to adopt a budget designed to promote long-term fiscal stability. This included an appropriation of \$600,000 to return fund balance to appropriate level. In order to meet the objectives of the budget, the Town recognized the need to continue its pattern of conservative budgeting while at the same time providing excellent services to its residents and taxpayers.

The 2017 general fund budget is \$90,188,516, an increase of 1.22% over the prior year. The Town continues to focus on restoring the Towns' general fund fund balance to a comfortable level.

### **Requests for Information**

This financial report is designed to familiarize the Town's citizens, taxpayers and customers with the Town's finances and to demonstrate the Town's fiscal accountability for its operation. Questions concerning this report, or request for additional financial information, should be directed to Director of Finance, Town of East Haven, 250 Main Street, East Haven, Connecticut 06512.

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# Basic Financial Statements

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**TOWN OF EAST HAVEN, CONNECTICUT**

STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2016

<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 11,110,768
Investments.....	8,564,949
Receivables:	
Property taxes.....	1,416,439
Intergovernmental.....	2,100,604
Other.....	720,727
Other.....	182,893
Total current assets.....	<u>24,096,380</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash.....	31,050
Investments.....	1,497,907
Permanently restricted:	
Investments.....	100,000
Total restricted assets.....	<u>1,628,957</u>
Receivables (net):	
Property taxes.....	2,366,551
Intergovernmental.....	1,004,489
Total receivables (net).....	<u>3,371,040</u>
Capital assets (net of accumulated depreciation):	
Land.....	3,497,216
Construction in progress.....	2,223,700
Land improvements.....	2,389,750
Buildings.....	40,382,376
Building improvements.....	4,253,372
Machinery and equipment.....	2,120,985
Vehicles.....	1,713,957
Infrastructure.....	27,698,129
Total capital assets (net of accumulated depreciation).....	<u>84,279,485</u>
Total noncurrent assets.....	<u>89,279,482</u>
TOTAL ASSETS.....	<u>113,375,862</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension related.....	<u>3,055,438</u>

(Continued)

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2016LIABILITIES

Current liabilities:	
Accounts payable.....	\$ 2,155,971
Accrued payroll.....	4,889,330
Accrued interest payable.....	500,604
Unearned revenue.....	561,038
Other liabilities.....	233,906
Bond anticipation notes.....	2,500,000
Bonds and notes payable.....	3,275,000
Capital lease payable.....	247,369
Compensated absences.....	1,434,440
Claims and judgments.....	6,038,382
	<u>21,836,040</u>
Total current liabilities.....	
Noncurrent liabilities:	
Bonds and related liabilities.....	23,493,115
Capital lease payable.....	253,589
Compensated absences.....	5,737,759
Net pension liability.....	1,655,172
Net OPEB obligations.....	21,328,392
Claims and judgments.....	12,052,904
	<u>64,520,931</u>
Total noncurrent liabilities.....	
TOTAL LIABILITIES.....	<u>86,356,971</u>

DEFERRED INFLOWS OF RESOURCES

Advance property tax collections.....	1,928,792
Deferred charge on refunding.....	591,971
	<u>2,520,763</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	

NET POSITION

Net investment in capital assets.....	54,687,757
Restricted for:	
Endowments:	
Nonexpendable.....	100,000
Expendable.....	1,528,957
Grant programs.....	167,226
Public safety.....	28,236
Education.....	171,937
Unrestricted.....	(29,130,547)
	<u>\$ 27,553,566</u>
TOTAL NET POSITION.....	

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
General government.....	\$ 4,573,742	\$ 493,847	\$ 4,000	\$	\$ (4,075,895)
Public safety.....	20,167,431	768,586	73,892		(19,324,953)
Public works.....	9,284,044	299,185	573,930		(8,410,929)
Culture and recreation.....	2,514,190	497,181	20,316		(1,996,693)
Health and welfare.....	1,486,625	298,403	195,722		(992,500)
Education.....	65,203,368	1,116,049	29,832,032	331,519	(33,923,768)
Interest expense.....	1,158,231		119,758		(1,038,473)
<b>TOTAL.....</b>	<b>\$ 104,387,631</b>	<b>\$ 3,473,251</b>	<b>\$ 30,819,650</b>	<b>\$ 331,519</b>	<b>\$ (69,763,211)</b>
GENERAL REVENUES:					
Property taxes.....					\$ 64,515,021
Grants and contributions not restricted to specific programs.....					897,510
Investment income.....					43,120
Miscellaneous.....					124,135
<b>TOTAL GENERAL REVENUES .....</b>					<b>65,579,786</b>
<b>CHANGE IN NET POSITION.....</b>					<b>(4,183,425)</b>
<b>NET POSITION, JULY 1, 2015 (AS RESTATED).....</b>					<b>31,736,991</b>
<b>NET POSITION, JUNE 30, 2016.....</b>					<b>\$ 27,553,566</b>

See Notes to Financial Statements.

**TOWN OF EAST HAVEN, CONNECTICUT**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	GENERAL FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b><u>ASSETS</u></b>				
Cash.....	\$ 6,192,707	\$	\$ 2,554,010	\$ 8,746,717
Investments.....	7,776,577		1,598,936	9,375,513
Receivables:				
Property taxes.....	3,363,058			3,363,058
Intergovernmental .....		162,659	824,197	986,856
Other.....	538,946		4,769	543,715
Due from other funds.....	5,421,034	2,037,308	546,629	8,004,971
Other.....			17,309	17,309
<b>TOTAL ASSETS.....</b>	<b>\$ 23,292,322</b>	<b>\$ 2,199,967</b>	<b>\$ 5,545,850</b>	<b>\$ 31,038,139</b>
<b><u>LIABILITIES</u></b>				
Accounts payable.....	\$ 1,120,762	\$ 203,224	\$ 831,985	\$ 2,155,971
Accrued payroll.....	4,474,725		414,605	4,889,330
Due to other funds.....	7,440,278	3,590,320	1,079,544	12,110,142
Unearned revenue.....			561,038	561,038
Other liabilities.....	233,906			233,906
Bond anticipation notes.....		2,500,000		2,500,000
<b>TOTAL LIABILITIES.....</b>	<b>13,269,671</b>	<b>6,293,544</b>	<b>2,887,172</b>	<b>22,450,387</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue - property taxes.....	3,109,145			3,109,145
Advance property tax collections.....	1,928,792			1,928,792
<b>TOTAL DEFERRED INFLOWS OF RESOURCES..</b>	<b>5,037,937</b>	<b>-</b>	<b>-</b>	<b>5,037,937</b>
<b><u>FUND BALANCES</u></b>				
Nonspendable.....			100,000	100,000
Restricted.....			1,896,356	1,896,356
Committed.....			730,674	730,674
Assigned.....			176,750	176,750
Unassigned.....	4,984,714	(4,093,577)	(245,102)	646,035
<b>TOTAL FUND BALANCES.....</b>	<b>4,984,714</b>	<b>(4,093,577)</b>	<b>2,658,678</b>	<b>3,549,815</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 23,292,322</b>	<b>\$ 2,199,967</b>	<b>\$ 5,545,850</b>	<b>\$ 31,038,139</b>

(Continued)

**TOWN OF EAST HAVEN, CONNECTICUT**

RECONCILIATION OF FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2016

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION  
(EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET DUE TO:

TOTAL FUND BALANCES (EXHIBIT C, PAGE 1).....	\$ 3,549,815
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:	
Beginning net capital assets.....	87,669,601
Capital asset additions (net of construction in progress).....	739,422
Depreciation expense.....	(4,129,538)
OTHER LONG-TERM ASSETS AND DEFERRED OUTFLOWS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE UNAVAILABLE IN THE FUNDS:	
School building grant receivable.....	2,118,237
Property tax interest and lien accrual.....	2,004,932
Allowance for doubtful accounts.....	(1,585,000)
Deferred outflows related to pensions.....	3,055,438
OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE UNAVAILABLE IN THE FUNDS:	
Property tax receivable - accrual basis change.....	3,109,145
INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO CHARGE THE COSTS OF VARIOUS SELF-INSURED RISK PREMIUMS TO INDIVIDUAL DEPARTMENTS:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.....	(10,461,075)
SOME LIABILITIES AND DEFERRED INFLOWS, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:	
Bonds and notes payable.....	(26,345,000)
Premiums.....	(423,115)
Capital leases.....	(500,958)
Compensated absences.....	(7,172,199)
Net OPEB obligations.....	(21,328,392)
Net pension liability.....	(1,655,172)
Deferred charge on refunding.....	(591,971)
Accrued interest payable.....	(500,604)
NET POSITION OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 27,553,566</u>

(Concluded)



TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	GENERAL FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes.....	\$ 64,114,541	\$	\$	\$ 64,114,541
Charges for services.....	2,112,596		1,360,655	3,473,251
Intergovernmental.....	26,073,319		7,378,772	33,452,091
Investment income.....	46,659		25,557	72,216
Change in fair value of investments.....			(44,646)	(44,646)
Contributions.....			143,770	143,770
Other.....	828,263	13,520		841,783
TOTAL REVENUES.....	93,175,378	13,520	8,864,108	102,053,006
EXPENDITURES:				
Current:				
General government.....	2,543,298		81,135	2,624,433
Public safety.....	11,311,874		102,966	11,414,840
Public works.....	5,088,004		541,058	5,629,062
Culture and recreation.....	1,823,489		216,478	2,039,967
Health and welfare.....	958,128		153,982	1,112,110
Employee benefits and insurance.....	10,685,347			10,685,347
Education.....	52,743,757	257,647	7,702,716	60,704,120
General services.....	1,464,322			1,464,322
Debt service.....	5,448,298		368,280	5,816,578
Capital outlay.....		2,223,893	119,249	2,343,142
TOTAL EXPENDITURES.....	92,066,517	2,481,540	9,285,864	103,833,921
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,108,861	(2,468,020)	(421,756)	(1,780,915)
OTHER FINANCING SOURCES (USES):				
Capital lease.....		257,647		257,647
Bond premium.....		17,130		17,130
Transfers in.....	25,015			25,015
Transfers out.....			(25,015)	(25,015)
NET OTHER FINANCING SOURCES (USES).....	25,015	274,777	(25,015)	274,777
NET CHANGE IN FUND BALANCES.....	1,133,876	(2,193,243)	(446,771)	(1,506,138)
FUND BALANCES, JULY 1, 2015.....	3,850,838	(1,900,334)	3,105,449	5,055,953
FUND BALANCES, JUNE 30, 2016.....	\$ 4,984,714	\$ (4,093,577)	\$ 2,658,678	\$ 3,549,815

TOWN OF EAST HAVEN, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES  
(EXHIBIT B) ARE DIFFERENT DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ (1,506,138)

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. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay.....	739,422
Depreciation expense.....	(4,129,538)
Total .....	(3,390,116)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

School building grant receipts.....	(1,547,182)
Change in property tax receivable - accrual basis change.....	186,387
Change in property tax interest and lien revenue.....	214,093
Total .....	(1,146,702)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Capital leases.....	(257,647)
Principal repayments:	
General obligation bonds.....	4,530,000
Capital leases.....	262,000
Total .....	4,534,353

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:

Deferred charge on refunding.....	37,522
Premiums.....	34,808
Claims and judgments.....	32,968
Compensated absences.....	(93,115)
Net OPEB expense.....	(5,071,166)
Pension expense.....	273,627
Accrued interest payable.....	38,887
Total .....	(4,746,469)

Internal Service Funds are used by management to charge costs of various self-insured risk premiums to individual departments:

The net revenue of the activities of the Internal Service Fund is reported with governmental activities.....	2,071,647
CHANGE IN NET POSITION OF GOVERNMENT ACTIVITIES (EXHIBIT B) .....	\$ (4,183,425)

See Notes to Financial Statements.

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 64,587,377	\$ 64,587,377	\$ 64,114,541	\$ (472,836)
Intergovernmental.....	21,700,779	21,700,779	21,408,594	(292,185)
Investment income.....	25,500	25,500	46,659	21,159
Charges for services.....	1,924,671	1,924,671	2,112,596	187,925
Other.....	859,228	859,228	828,263	(30,965)
TOTAL REVENUES.....	89,097,555	89,097,555	88,510,653	(586,902)
EXPENDITURES:				
Current:				
General government.....	3,336,225	3,336,225	2,543,298	792,927
Public safety.....	11,422,052	11,500,484	11,311,874	188,610
Highways and engineering.....	2,351,840	2,429,246	2,312,697	116,549
Sanitation and maintenance.....	2,831,100	2,835,232	2,775,307	59,925
Health and welfare.....	970,380	995,464	958,128	37,336
Culture and recreation.....	1,843,144	1,840,069	1,823,489	16,580
Employee benefits and insurance.....	11,626,659	11,607,891	10,685,347	922,544
Education.....	47,160,357	47,160,357	48,079,032	(918,675)
General services.....	2,107,500	1,944,289	1,464,322	479,967
Debt service.....	5,448,298	5,448,298	5,448,298	-
TOTAL EXPENDITURES.....	89,097,555	89,097,555	87,401,792	1,695,763
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	-	-	1,108,861	1,108,861
OTHER FINANCING SOURCES:				
Transfers in.....			25,015	25,015
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	1,133,876	\$ 1,133,876
FUND BALANCE - JULY 1, 2015.....			3,850,838	
FUND BALANCE - JUNE 30, 2016.....			\$ 4,984,714	

See Notes to Financial Statements.

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2016

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<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 2,395,101
Investments.....	787,343
Accounts receivable.....	177,012
Due from other funds.....	4,938,884
Other asset.....	165,584
	<hr/>
TOTAL ASSETS.....	8,463,924
	<hr/>
<u>LIABILITIES</u>	
Current liabilities:	
Claims and judgments payable.....	6,038,382
Due to other funds.....	833,713
	<hr/>
Total current liabilities.....	6,872,095
Noncurrent liability:	
Claims and judgments payable.....	12,052,904
	<hr/>
TOTAL LIABILITIES.....	18,924,999
	<hr/>
<u>NET POSITION</u>	
Unrestricted.....	\$ (10,461,075)
	<hr/>

See Notes to Financial Statements.

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2016

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OPERATING REVENUES:	
Charges for services.....	<u>\$ 18,325,991</u>
OPERATING EXPENSES:	
Claims.....	14,889,303
Administration.....	<u>2,130,243</u>
TOTAL OPERATING EXPENSES.....	<u>17,019,546</u>
OPERATING INCOME (LOSS).....	<u>1,306,445</u>
NONOPERATING REVENUES:	
Investment income.....	15,550
Insurance reimbursement.....	<u>749,652</u>
TOTAL NONOPERATING REVENUES.....	<u>765,202</u>
CHANGE IN NET POSITION.....	2,071,647
TOTAL NET POSITION - JULY 1, 2015.....	<u>(12,532,722)</u>
TOTAL NET POSITION - JUNE 30, 2016.....	<u><u>\$ (10,461,075)</u></u>

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Premiums received.....	\$ 18,902,876
Payments to vendors.....	(2,130,243)
Payments for claims.....	<u>(15,253,639)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	1,518,994
CASH FLOWS FROM INVESTING ACTIVITIES:	
Income (loss) on investments.....	15,550
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Insurance reimbursement.....	<u>749,652</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	2,284,196
CASH AND CASH EQUIVALENTS - JULY 1, 2015.....	<u>898,248</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2016.....	<u><u>\$ 3,182,444</u></u>
RECONCILIATION TO STATEMENT OF NET POSITION CASH:	
Cash and cash equivalents per above.....	\$ 3,182,444
Cash and cash equivalents reported as investments.....	<u>(787,343)</u>
STATEMENT OF NET POSITION CASH.....	<u><u>\$ 2,395,101</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating income (loss).....	\$ 1,306,445
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Accounts receivable.....	19,059
Due from other funds.....	586,756
Other asset.....	(28,930)
Increase (decrease) in:	
Claims and judgments payable.....	<u>(364,336)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	<u><u>\$ 1,518,994</u></u>

See Notes to Financial Statements.

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	PRIVATE- PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
Cash.....	\$ 27,308	\$ 140,671
Investments.....	68,727	27,183
TOTAL ASSETS.....	96,035	167,854
<u>LIABILITY</u>		
LIABILITY:		
Accounts payable.....		167,854
<u>NET POSITION</u>		
Restricted.....	\$ 96,035	\$

See Notes to Financial Statements.

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2016

	PRIVATE- PURPOSE TRUST FUNDS
ADDITIONS:	
Interest and dividends.....	\$ 83
DEDUCTIONS:	
Scholarships awarded.....	<u>2,500</u>
CHANGE IN NET POSITION.....	(2,417)
TOTAL NET POSITION, JULY 1, 2015.....	<u>98,452</u>
TOTAL NET POSITION, JUNE 30, 2016.....	<u>\$ 96,035</u>



**TOWN OF EAST HAVEN, CONNECTICUT****NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

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**HISTORY AND ORGANIZATION**

The Town of East Haven, Connecticut (the "Town") was incorporated in May 1785. The Town covers 89 square miles and is located 77 miles east of New York City. The Town operates under a Mayor-Council form of government and the Town Charter as amended on November 7, 1978. The Town provides a full range of services as authorized by its charter including public safety (police and fire), public works, sanitation, health and social services, culture and recreation, education, planning, zoning and general administrative services to its residents.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Agency funds do not have a measurement focus but are reported on 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.

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, 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. For this purpose, the Town considers property taxes to be available if collected within 60 days of the current fiscal year end and reimbursement grants to be available if they are collected within one year of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* is used to account for resources to be used for capital expenditures.

Additionally, the Town reports the following fund types:

The *Internal Service Funds* account for risk activities for insurance benefits as allowed by GASB Statement No. 10.

*Private-Purpose Trust Funds* are used to account for resources legally held in trust for the Shinder, Patsy Dilungo and Jan Stopka Scholarship Funds' scholarships. All resources of the fund, including any earnings on invested resources, may not be used to support the Town's activities. There is no requirement that any portion of these resources be preserved as capital.

The *Agency Funds* account for monies held on behalf of students and employees and amounts held for performance related activities.

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

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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 Town funds for medical insurance benefits, workers' compensation claims, judgments and claims and property insurance deductibles. Operating expenses for the internal service fund include the claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pensions - 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 and additions to/deductions from fiduciary net position of the Connecticut Municipal Employees Retirement System (MERS) and the Connecticut State Teachers' Retirement System (TRS) have been determined on the same basis as they are reported by MERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity**

**1. Deposits and Investments**

Deposits - The Town considers cash and 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 - Eligible investments are governed by State of Connecticut Statutes which, in general, allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**1. Deposits and Investments (Continued)**

Investments for the Town are reported at fair value. State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27a - 3-27c. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. By contract, an independent appraisal is obtained once every year to determine the fair market value of the real estate assets.

**2. Receivables and Payables**

**a. Interfunds**

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

**b. Property Taxes and Other Receivables**

In the government-wide financial statements, property tax and related interest and lien fee receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 17 to 50% of outstanding receivable balances and are calculated based upon prior collection history.

In the fund financial statements, all property taxes receivable, which have not been collected within 60 days as of June 30, have been recorded as deferred inflow of resources, since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the 60-day period have been recorded as revenue.

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

**3. Restricted Assets**

The restricted assets for the Town are restricted for endowment purposes. The Town has several bequests that restrict expenditures to investment income and only for the donor-designated purpose.

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**4. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$7,150 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 Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-75
Building improvements	50
Land improvements	25
Roads	80
Bridges	50
Vehicles	10-20
Equipment	5-40

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions for contributions made by the Town after the measurement date and the net difference between projected and actual earnings on pension plan investments. The deferred outflows related to contributions made after the measurement date are recognized in the subsequent fiscal year. The deferred outflow for the net difference between projected and actual earnings on pension plan investments is amortized over a 5 year period.

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**5. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Advanced property tax collections qualifies for reporting in this category. The Town also reports a deferred change on refunding, which results from the difference in the carrying value of refinanced debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

**6 Net Position Flow Assumption**

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

**7. Compensated Absences**

Employees are paid by a prescribed formula for absence due to vacation and sickness based upon the various union contracts and the Town's personnel policies. The eligibility for vacation pay, and in some instances sick pay, does vest and can be paid upon death, retirement or termination, up to certain limits. Expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts are only reported in governmental funds if they are due and payable to employees who have resigned or retired before or at fiscal year end.

**8. Long-Term Obligations**

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

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**8. Long-Term Obligations (Continued)**

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

**9 Fund Equity and Net Position**

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

**Net Investment in Capital Assets**

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

**Restricted Net Position**

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

**Unrestricted Net Position**

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

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

**Nonspendable**

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

**Restricted**

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

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**9. Fund Equity and Net Position (Continued)**

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through resolutions approved by Town Council.

Assigned

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

Unassigned

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

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

**10. Use of Estimates**

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

**11. Reclassifications**

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



TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- Prior to March 4, the Mayor submits to the Board of Finance a proposed operating budget for the year commencing the following July 1. The Board of Finance returns the budget to the Mayor with its recommendations by March 23. On or before March 31, the Mayor submits the budget to the Town Council, which calls a public hearing. By April 28, the Town Council votes to adopt the budget. The budget is adopted on a basis consistent with generally accepted accounting principles.
- The Director of Finance may make transfers within a department of amounts not to exceed \$2,500 in any one account in any one year. The Board of Finance is authorized to transfer budgeted amounts within and between departments for amounts up to \$25,000. The Town Council, upon recommendation of the Board of Finance, approves transfers in excess of \$25,000 but not to exceed \$50,000. Transfers in excess of \$50,000 may be authorized only by ordinance. Additional appropriations may be made by ordinance of the Town Council. There were no additional appropriations during the year.
- 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.
- Budgeted amounts shown are as originally adopted, or as amended by the Board of Finance and Town Council during the course of the year.
- The Board of Education is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.

Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except 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.

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Budget - GAAP Reconciliation**

A reconciliation of revenues and expenditures between the accounting treatment required by GAAP (Exhibit D) and budgetary requirements (Exhibit F) is as follows:

	<u>REVENUES</u>	<u>EXPENDITURES</u>
BALANCE, BUDGETARY BASIS, EXHIBIT F - JUNE 30, 2016 .....	\$ 88,510,653	\$ 87,401,792
State Teachers' Retirement on-behalf amount .....	<u>4,664,725</u>	<u>4,664,725</u>
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2016 .....	<u>\$ 93,175,378</u>	<u>\$ 92,066,517</u>

**C. Donor-Restricted Endowments**

The Town has received certain endowments for the Hagan Memorial Library. The amounts are reflected in net position as restricted for endowments. Investment income (including appreciation) is approved for expenditure by the Library Board. The amount of appreciation (depreciation) included in restricted fund balance for the Hagan Memorial Library was \$92,767.

**D. Deficit Fund Balances/Net Position**

The following funds had deficit fund balances/net position:

Daycare .....	\$ 14,121
School lunch .....	230,981
Self-insurance reserve .....	5,801,596
Workers' compensation .....	8,217,743

The deficits will be eliminated by future grants, charges for services, premium charges to other funds and transfers from the general fund.

**E. Excess of Expenditures Over Appropriations**

During the year, the following general fund departments had expenditures that exceeded appropriations:

Fire Department .....	\$ 44,193
Recreation .....	28,685
Education .....	918,675

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES**

**A. Cash and Investments**

Deposits - Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. \$15,295,033 of the Town's bank balance of \$16,327,763 including certificates of deposits and money market accounts, was exposed to custodial credit risk as follows:

Uninsured and uncollateralized .....	\$ 13,712,576
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name .....	<u>1,582,457</u>
Total amount subject to custodial credit risk.....	<u>\$ 15,295,033</u>

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

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

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)		
		N/A	LESS THAN 1	1-5 YEARS
Mutual funds/exchange traded funds:				
Money market.....	\$ 42,722	\$	\$ 42,722	\$
Domestic equity .....	501,211	501,211		
International equity .....	251,161	251,161		
Domestic bond.....	149,798			149,798
International bond.....	11,324			11,324
Real estate investment trust .....	75,015	75,015		
Hedge fund .....	111,624	111,624		
Commodities.....	35,059	35,059		
Certificates of deposit .....	95,910		95,910	
Bank money market accounts.....	3,636,635		3,636,635	
Common stock.....	1,029	1,029		
Pooled fixed income .....	5,347,278		5,347,278	
TOTAL.....	<u>\$10,258,766</u>	<u>\$ 975,099</u>	<u>\$9,122,545</u>	<u>\$ 161,122</u>

**Fair value of investments**

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

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted prices; and
- Level 3: Unobservable inputs

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. **DETAILED NOTES (CONTINUED)**

A. **Cash and Investments (Continued)**

The Town had the following recurring fair value measurements:

INVESTMENTS AT FAIR VALUE	AMOUNT	QUOTED MARKET PRICES IN ACTIVE MARKETS	SIGNIFICANT OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS
		LEVEL 1	LEVEL 2	LEVEL 3
<u>Mutual funds/exchange traded funds</u>				
Money market	\$ 42,722	\$ 42,722	\$	\$
Domestic equity	501,211	501,211		
International equity	251,161	251,161		
Domestic bond	149,798	149,798		
International bond	11,324	11,324		
Real estate investment trust	75,015	75,015		
Hedge funds	111,624	111,624		
Commodities	35,059	35,059		
Common stock	1,029	1,029		
Total investments by fair value level	1,178,943	\$ 1,178,943	\$ -	\$ -
<u>Other Investments</u>				
Certificates of deposit	95,910			
Bank money market accounts	3,636,635			
Pooled fixed income	5,347,278			
Total other investments	9,079,823			
Total Investments	\$ 10,258,766			

Securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The pooled fixed income investment was invested in the Short Term Investment Fund ("STIF"). STIF is an investment pool managed by the State of Connecticut Office of the State Treasurer.

Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**A. Cash and Investments (Continued)**

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

AVERAGE RATING	MONEY MARKET MUTUAL FUNDS	DOMESTIC BOND MUTUAL FUNDS	INTERNATIONAL BOND MUTUAL FUNDS	POOLED FIXED INCOME
AAA.....	\$ 42,722	\$	\$	\$ 5,347,278
AA .....		149,798	566	
BBB.....			906	
BB .....			5,436	
B.....			3,624	
CCC .....			792	
TOTAL .....	<u>\$ 42,722</u>	<u>\$ 149,798</u>	<u>\$ 11,324</u>	<u>\$ 5,347,278</u>

Custodial credit risk - The Town has no formal policy regarding custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. There were no investments subject to custodial credit risk at June 30, 2016.

The investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

**B. Receivables**

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below:

	Taxes	Property Taxes Interest & Lien fees	Total
Current Portion.....	<u>\$ 1,076,179</u>	<u>\$ 340,260</u>	<u>\$ 1,416,439</u>
Long-term Portion .....	<u>\$ 2,286,879</u>	<u>\$ 1,664,672</u>	<u>\$ 3,951,551</u>
Less Allowance for Uncollectibles...	<u>(585,000)</u>	<u>(1,000,000)</u>	<u>(1,585,000)</u>
Net Long-term Portion.....	<u>\$ 1,701,879</u>	<u>\$ 664,672</u>	<u>\$ 2,366,551</u>
Total Receivable.....	<u>\$ 2,778,058</u>	<u>\$ 1,004,932</u>	<u>\$ 3,782,990</u>

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the fiscal year was as follows:

	BALANCE JULY 1, 2015	INCREASES	DECREASES	BALANCE JUNE 30, 2016
<u>Capital Assets, not Being Depreciated:</u>				
Land .....	\$ 3,497,216	\$	\$	\$ 3,497,216
Construction in progress .....	2,319,832	89,336	185,468	2,223,700
Total Capital Assets, not Being Depreciated	5,817,048	89,336	185,468	5,720,916
<u>Capital Assets, Being Depreciated:</u>				
Land improvements.....	4,692,645			4,692,645
Buildings .....	62,712,818			62,712,818
Building improvements.....	12,684,470	312,587		12,997,057
Machinery and equipment .....	6,285,118	146,273		6,431,391
Vehicles .....	5,041,202	363,610		5,404,812
Infrastructure .....	39,679,304	13,084		39,692,388
Total Capital Assets, Being Depreciated.....	131,095,557	835,554	-	131,931,111
Total Capital Assets .....	136,912,605	924,890	185,468	137,652,027
<u>Less Accumulated Depreciation for:</u>				
Land improvements.....	2,103,500	199,395		2,302,895
Buildings .....	21,350,098	980,344		22,330,442
Building improvements.....	7,161,392	1,582,293		8,743,685
Machinery and equipment .....	3,991,971	318,435		4,310,406
Vehicles .....	3,210,776	480,079		3,690,855
Infrastructure .....	11,425,267	568,992		11,994,259
Total Accumulated Depreciation.....	49,243,004	4,129,538	-	53,372,542
Total Capital Assets, Being Depreciated, net	81,852,533	(3,293,983)	-	78,558,569
Capital Assets, net .....	\$ 87,669,601	\$ (3,204,646)	\$ 185,468	\$ 84,279,485

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

General government.....	\$ 102,640
Public safety.....	593,931
Public works.....	717,997
Culture and recreation.....	123,712
Health and welfare.....	14,810
Education .....	2,576,448
Total Depreciation Expense	\$ 4,129,538

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts**

**1. Interfund Payables and Receivables**

A summary of interfund balances are as follows:

<u>MAJOR FUNDS:</u>	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
GENERAL FUND:			
Capital projects.....	N/A	\$ 3,590,320	\$ 2,037,308
Public safety .....	N/A		25,211
Historical documents preservation .....	N/A		22,540
Economic development.....	N/A		980
Town pool repair.....	N/A		4,404
Open space .....	N/A		45,000
Marine enforcement grants.....	N/A		6,364
Public works state aid .....	N/A		89,075
East Haven kennel club .....	N/A		13,711
Dog licenses .....	N/A		21,910
Teen center .....	N/A		5,853
Health and welfare .....	N/A	20,045	154,036
Emergency management fund .....	N/A		195
Daycare .....	N/A	54,506	
High school rental.....	N/A	230	
Education grants .....	N/A	922,220	
LOCIP Town clerk fees .....	N/A		106,741
Self-insurance.....	N/A	833,713	
Workers' compensation.....	N/A		2,926,733
Medical insurance .....	N/A		1,980,217
TOTAL GENERAL FUND .....		<u>5,421,034</u>	<u>7,440,278</u>
CAPITAL PROJECTS .....	General Fund	<u>2,037,308</u>	<u>3,590,320</u>

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. **DETAILED NOTES (CONTINUED)**

D. **Interfund Accounts (Continued)**

1. **Interfund Payables and Receivables (Continued)**

	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<b><u>NONMAJOR GOVERNMENTAL FUNDS:</u></b>			
<b><u>SPECIAL REVENUE FUNDS:</u></b>			
Public safety .....	General Fund	\$ 25,211	\$
Historical documents preservation .....	General Fund	22,540	
Economic development.....	General Fund	980	
Town pool repair.....	General Fund	4,404	
Open space .....	General Fund	45,000	
Marine enforcement grants .....	General Fund	6,364	
Public works state aid .....	General Fund	89,075	
East Haven kennel club .....	General Fund	13,711	
Dog licenses .....	General Fund	21,910	
Teen center .....	General Fund	5,853	
Hagaman Memorial Library .....	Medical Insurance		31,934
Health and welfare .....	General Fund	154,036	20,045
Emergency management fund .....	General Fund	195	
Daycare .....	General Fund		54,506
Daycare .....	Education Grants	42,315	
High school rental.....	General Fund		230
School lunch.....	Education Grants		1,428
Adult education.....	Education Grants	6,866	
Education grants .....	Adult Education		6,866
Education grants .....	General Fund		922,220
Education grants .....	Daycare		42,315
Education grants .....	School Lunch	<u>1,428</u>	
TOTAL SPECIAL REVENUE FUNDS .....		439,888	1,079,544
<b><u>CAPITAL PROJECTS FUNDS:</u></b>			
LOCIP Town clerk fees .....	General Fund	<u>106,741</u>	
TOTAL NONMAJOR GOVERNMENTAL FUNDS..		<u>546,629</u>	<u>1,079,544</u>



TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts (Continued)**

**1. Interfund Payables and Receivables (Continued)**

	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
INTERNAL SERVICE FUNDS:			
Self-insurance .....	General Fund	\$	\$ 833,713
Workers' compensation.....	General Fund	2,926,733	
	Hagaman		
Medical Insurance .....	Memorial Library	31,934	
Medical insurance .....	General Fund	1,980,217	
TOTAL INTERNAL SERVICE FUNDS .....		4,938,884	833,713
GRAND TOTAL .....		\$12,943,855	\$12,943,855

All interfund balances result from the time lag between the dates payments occurred between funds for short-term internal financing and as a result of certain funds that do not have checking accounts.

**2. Interfund Transfers**

A summary of interfund transfers for the fiscal year are as follows:

	<u>CORRESPONDING FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
<u>MAJOR FUNDS:</u>			
<u>GENERAL FUND:</u>			
Health and welfare .....	N/A	\$ 25,000	\$
Debt service .....	N/A	15	
TOTAL GENERAL FUND .....		25,015	-
<u>NONMAJOR FUNDS:</u>			
<u>SPECIAL REVENUE FUNDS:</u>			
Health and welfare .....	General Fund		25,000
DEBT SERVICE .....	General Fund		15
TOTAL NONMAJOR FUNDS .....			25,015
GRAND TOTAL .....		\$ 25,015	\$ 25,015

Transfers are used to account for the financing by the general fund for various programs and activities in other funds.

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**E. Short-Term Obligations - Bond Anticipation Notes**

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project. Short-term obligation activity for the fiscal year was as follows:

	BALANCE JULY 1, 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2016
BOND ANTICIPATION NOTES:				
Department of Justice .....	\$ 500,000	\$ 1,000,000	\$ 500,000	\$ 1,000,000
Communications Center.....	1,000,000		1,000,000	-
Capital Projects .....		1,500,000		1,500,000
TOTAL .....	\$ 1,500,000	\$ 2,500,000	1,500,000	2,500,000

The bond anticipation notes carry an interest rate of 2.0% and matured in September of 2016.

**F. Changes in Long-Term Obligations**

**1. Summary of Changes**

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

DESCRIPTION	ORIGINAL AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2015 (RESTATED)	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2016	CURRENT PORTION
<b>BONDS/NOTES:</b>									
General Purpose:									
Refunding Bond .....	\$ 4,505,600	02/15/03	2016	3.28%	\$ 153,000	\$	\$ 153,000	\$ -	\$ -
Improvement Bond.....	3,000,000	08/24/07	2028	4.1-5.5%	1,950,000		150,000	1,800,000	150,000
Improvement Bond.....	6,941,000	07/22/09	2028	5.00-6.00%	5,681,000		420,000	5,261,000	420,000
Refunding Bond .....	3,880,000	07/28/10	2030	3.00%	2,465,000		360,000	2,105,000	355,000
Improvement Bond.....	3,655,000	07/28/10	2021	3.00%	3,243,768		205,616	3,038,152	205,616
Improvement Bond.....	1,275,000	07/26/11	2026	2.00%	1,065,000		105,000	960,000	105,000
Improvement Bond.....	4,435,000	07/17/13	2026	2.0-4.0%	4,225,000		300,000	3,925,000	300,000
Refunding Bond .....	3,421,340	08/05/14	2025	5.00%	3,421,340		278,080	3,143,260	288,010
Total General Purpose ...					22,204,108	-	1,971,696	20,232,412	1,823,626
Schools:									
Refunding Bond .....	25,294,000	02/15/03	2017	3.28%	2,767,000		1,762,000	1,005,000	1,005,000
School Bonds .....	654,000	07/22/09	2028	5.00-6.00%	534,000		40,000	494,000	40,000
School Bonds .....	1,500,000	07/28/10	2021	3.00%	1,331,232		84,384	1,246,848	84,384
School Bonds .....	270,000	07/26/11	2021	2.00%	210,000		30,000	180,000	30,000
Refunding Bond .....	3,468,660	08/05/14	2025	5.00%	3,468,660		281,920	3,186,740	291,990
Total Schools .....					8,310,892	-	2,198,304	6,112,588	1,451,374
Sewer:									
Sewer Bond.....	\$5,000,000	12/01/01	2016	4.2500%	360,000		360,000	-	-
TOTAL BONDS/NOTES .....					30,875,000	-	4,530,000	26,345,000	3,275,000
PREMIUMS .....					457,923		34,808	423,115	
TOTAL BONDS/NOTES AND RELATED LIABILITIES .....					31,332,923	-	4,564,808	26,768,115	3,275,000
CAPITAL LEASES .....					505,311	257,647	262,000	500,958	247,369
COMPENSATED ABSENCES .....					7,079,084	2,293,721	2,200,606	7,172,199	1,434,440
NET OPEB OBLIGATIONS .....					16,257,226	9,240,589	4,169,423	21,328,392	
NET PENSION LIABILITY .....						1,655,172		1,655,172	
CLAIMS AND JUDGMENTS .....					32,968		32,968	-	
RISK MANAGEMENT (INTERNAL SERVICE FUNDS) .....					18,455,622	14,889,303	15,253,639	18,091,286	6,038,382
TOTAL LONG-TERM OBLIGATIONS .....					\$ 73,663,134	\$ 28,336,432	\$26,483,444	\$75,516,122	\$ 10,995,191

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**1. Summary of Changes (Continued)**

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

FISCAL YEAR ENDED JUNE 30,	AMOUNT TO BE PROVIDED BY STATE OF CT		BONDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2017	\$1,050,384	\$ 63,363	\$ 3,275,000	\$ 1,111,388
2018	629,385	28,219	2,285,000	1,002,463
2019	339,628	7,258	2,310,000	904,737
2020			2,335,000	801,644
2021			2,365,000	695,663
2022			2,400,000	587,382
2023			2,030,000	486,326
2024			2,070,000	390,582
2025			2,110,000	292,258
2026			1,250,000	213,807
2027			1,215,000	156,807
2028			1,165,000	101,299
2029			1,020,000	49,566
2030			290,000	18,038
2031			225,000	5,484
TOTALS	<u>\$2,019,397</u>	<u>\$ 98,840</u>	<u>\$ 26,345,000</u>	<u>\$ 6,817,444</u>

The general purpose bonds and school bonds are liquidated by the general fund. The sewer bonds are liquidated by the debt service fund.

All long-term liabilities listed above after bonds and notes are liquidated by the General Fund.

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	INDEBTEDNESS	NET BALANCE
General purpose.....	\$ 142,621,448	\$ 22,732,412	\$ 119,889,036
Schools.....	285,242,895	4,093,191	281,149,704
Sewers .....	237,702,413		237,702,413
Urban renewal .....	206,008,758		206,008,758
Pension deficit .....	190,161,930		190,161,930

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**1. Summary of Changes (Continued)**

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$443,711,170.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$2,019,397 for bond principal is reflected as deductions in the computation of net indebtedness.

**2. Capital Lease**

The Town/Board of Education has entered into a lease agreement for the purchase of computers. The annual payments for the agreement are provided for by annual general fund appropriations.

The individual computers are below the capitalization threshold and, therefore, are not reported as capital assets.

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has 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 lease, and the present value of the future minimum lease payments:

YEAR ENDING <u>JUNE 30,</u>	
2017	\$ 262,000
2018	262,000
Less amount representing interest	<u>(23,042)</u>
Present value of minimum lease payments	<u>\$ 500,958</u>

**3. Authorized/Unissued Bonds**

The Town had authorized and unissued bonds as follows:

	<u>AUTHORIZED/ UNISSUED BONDS</u>
General purpose.....	\$ 7,838,693
Schools.....	<u>2,846,000</u>
Total .....	<u>\$ 10,684,693</u>

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**III. DETAILED NOTES (CONTINUED)**

**F. Changes in Long-Term Obligations (Continued)**

**4. Prior Years' Advanced Refunding**

In prior years, the Town has defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements. At fiscal year end, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$5,510,000.

**5. Subsequent Event**

On November 17, 2016, the Town issued \$3,500,000 of general obligation bonds and \$5,230,000 of general obligation refunding bonds. Interest rates range from 3.0% to 4.0% for both issuances. The general obligation bonds were issued to finance various capital improvement projects. The refunding bonds were issued to refund at or prior to maturity various general obligation bonds issued between 2007 and 2010.

**G. Restricted Net Position**

The amount of restricted net position, which was restricted by enabling legislation, totaled \$107,741.

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**H. Fund Balance Classifications**

Fund balances are composed of the following:

<u>Fund Balance Component</u>	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Nonspendable:				
Permanent fund principal	\$	\$	\$ 100,000	\$ 100,000
Restricted:				
Grant programs			144,686	144,686
Donor purpose restrictions			1,528,957	1,528,957
Public safety programs			28,236	28,236
Historical document preservation			22,540	22,540
Education programs			171,937	171,937
Total restricted	-	-	1,896,356	1,896,356
Committed:				
Senior center			10,729	10,729
Health and welfare programs			54,686	54,686
Emergency medical service			95,255	95,255
Education programs			463,182	463,182
Approved capital projects			106,822	106,822
Total committed	-	-	730,674	730,674
Assigned:				
Recreation			73,158	73,158
Economic development			980	980
Animal control			36,757	36,757
Teen center			5,853	5,853
Library operations			60,002	60,002
Total assigned	-	-	176,750	176,750
Unassigned	4,984,714	(4,093,577)	(245,102)	646,035
Total	\$ 4,984,714	\$ (4,093,577)	\$ 2,658,678	\$ 3,549,815

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town purchases commercial insurance for all risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in prior years.

The Town established internal service funds, the Medical Insurance Fund and the Workers' Compensation Fund, to account for and finance the retained risk of loss for Town Employee medical benefits coverage and workers' compensation claims. A third party administers the plans for which the fund pays a fee.

The Town has purchased a stop loss policy for individual claims exceeding \$100,000 for the medical insurance and \$500,000 for the workers' compensation fund.

In addition, the Town has established an Internal Service Fund to pay judgment and claims and reduce the cost of commercial insurance by raising the deductibles on the policies purchased.

The claims liability reported is based upon 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 include 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.

Fiscal Year End/Fund	Claims Payable July 1,	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
Self-Insurance Fund:				
2015	\$ 6,825,338	\$ (725,445)	\$ 106,826	\$ 5,993,067
2016	5,993,067	(237,841)		5,755,226
Workers' Compensation Fund:				
2015	11,658,338	1,969,762	2,205,545	11,422,555
2016	11,422,555	2,239,254	2,351,749	11,310,060
Medical Insurance Fund:				
2015	1,050,000	12,963,169	12,973,169	1,040,000
2016	1,040,000	12,887,890	12,901,890	1,026,000

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Commitments and Litigation**

There are various suits and claims pending against the Town. Judgments and claims, which are believed by legal counsel to be likely to result in a judgment or claim against the Town, have been recorded in the self-insurance fund as claims payable.

**C. Pension Plans - Municipal Employees Retirement System**

**1. Plan Description**

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Connecticut Municipal Employees Retirement System (MERS). This designation may be the result of collective bargaining. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

**2. Benefit Provisions**

The plan provides retirement, disability and death benefits.

General Employees

Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service.

Policemen and Firemen

Compulsory retirement age for police and fire members is age 65.

Normal Retirement: For members not covered by social security, the benefit is 2% of average final compensation times years of service.

For members covered by social security, the benefit is 1 ½% 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, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.



TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plans - Municipal Employees Retirement System (Continued)**

**2. Benefit Provisions (Continued)**

Early Retirement: Employees are eligible after 5 years of continuous service or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement: Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of 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. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for nonservice-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

**3. Contributions**

Employer

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.

Employees

For employees not covered by social security, each person is required to contribute 5% of compensation.

For employees covered by social security, each person is required to contribute 2 ¼% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

**4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the Town reported \$1,655,172 for its proportionate share of the net pension liability. 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 that date. The Town's proportionate share of the net pension liability was based upon the Town's 2015 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The Town's proportional share was 6.26% for the general employees sub plan and 6.17% for the police and fire sub plan. There was no change in general employees sub plan and a 0.23% decrease in the police and fire sub plan as compared to the prior year.

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plans - Municipal Employees Retirement System (Continued)**

**4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Subsequent to the measurement date, there were no changes in benefit terms or any expected changes that will have an impact on the measurement of net pension liability.

For the fiscal year the Town recognized pension expense of \$2,096,945. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description of outflows/inflows</u>	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 681,568
Town contributions subsequent to measurement date	<u>2,373,870</u>
Total	<u>\$ 3,055,438</u>
Net amount of deferred inflows and outflows excluding Town contributions subsequent to measurement date	<u>\$ 681,568</u>

The \$2,373,870 amount reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

<u>Year Ending June 30,</u>	
2016	\$ 57,803
2017	57,803
2018	57,802
2019	<u>508,160</u>
Total	<u>\$ 681,568</u>

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plans - Municipal Employees Retirement System (Continued)**

**5. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

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.

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%, the maximum is 6%.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (Non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	0.4%
Total	<u>100.0%</u>	

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Pension Plans - Municipal Employees Retirement System (Continued)**

**6. Discount Rate**

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

**7. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Town's proportional share of the net pension (asset) liability	\$ 11,762,312	\$ 1,655,172	\$(9,143,543)

**8. Plan Fiduciary Net Position**

Detailed information about the MERS plan's fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2015.

**9. Payable to the Pension Plan**

The Town had \$56,018 of accounts payable to the MERS plan outstanding at June 30, 2016. The payable represents the Town's legally required contribution and related withheld employee contributions.

The Town has no installment payable for prior service cost due to the plan.

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Pension Plans - Connecticut State Teachers' Retirement System**

**1. Plan Description**

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

**2. Benefit Provisions**

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

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

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

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

**3. Contributions**

State of Connecticut

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

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Pension Plans - Connecticut State Teachers' Retirement System (Continued)**

**3. Contributions (Continued)**

Employer (School Districts)

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

Employees

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

**4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>58,217,951</u>
Total	<u>\$ 58,217,951</u>

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. At June 30, 2015, the Town has no proportionate share of the net pension liability.

For the fiscal year, the Town recognized pension expense and revenue of \$4,664,725 for on-behalf amounts for the benefits provided by the State.

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Pension Plans - Connecticut State Teachers' Retirement System (Continued)**

**5. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, average, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

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.

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

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

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**D. Pension Plans - Connecticut State Teachers' Retirement System (Continued)**

**5. Actuarial Assumptions (Continued)**

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

**6. Discount Rate**

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**7. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**8. Plan Fiduciary Net Position**

Detailed information about the Connecticut State Teachers' Retirement System plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2015.



TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefit Plans**

**1. Plan Description**

The Town administers two single-employer, post retirement healthcare plans for the Town and the Board of Education. The Town and Board of Education plans provide medical, prescription drug, dental and vision benefits for eligible retirees and their spouses. Certain groups within the Town are also offered life insurance. The plans do not issue stand alone financial reports.

**2. Benefit Provisions**

**a. Benefit Provisions**

The Town plan provides for medical, prescription drug, dental and vision benefits for all eligible Town Dispatcher, Fire, Police, Public Service, Supervisor and Town Hall retirees and their spouses. The Board of Education plan provides for medical, prescription drug, dental and vision benefits for all Board of Education Teacher, Administrator, Mid-Management, Custodian, Nurse, Cafeteria and Secretary retirees and their spouses. Life insurance is offered for certain groups with the Town. Public Service, Supervisor and Town Hall retirees do not have surviving spouse coverage. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

**b. Employer Contributions**

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town and Board of Education's total plan contributions were \$1,885,070 and \$2,284,353, respectively.

**c. Employee Contributions**

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

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefit Plans (Continued)**

**3. Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2015, the date of the last available actuarial valuation, was as follows:

	(A)	(B)	(A-B)	(A/B)	(C)	[(A-B)/C]
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL LIABILITY ACCRUED LIABILITY (AAL)	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>TOWN</u>						
July 1, 2015	\$ -	\$69,082,589	\$(69,082,589)	0.0%	N/A	N/A
<u>BOARD OF EDUCATION</u>						
July 1, 2015	\$ -	\$47,101,378	\$(47,101,378)	0.0%	N/A	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedules of funding progress ("RSI"), immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

**4. Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefit Plans (Continued)**

**4. Actuarial Methods and Assumptions (Continued)**

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

Valuation date	July 1, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Payments Increasing at 4%
Remaining amortization period - Town	30 Years Open
Remaining amortization period - Board	11 Years Closed

**ACTUARIAL ASSUMPTIONS:**

Investment rate of return	4.0%
Healthcare inflation rate:	
Initial	8.0%
Ultimate	5.0%
Inflation rate	4.0%

**5. Annual OPEB Cost and Net OPEB Obligation ("NOO")**

The changes in the NOO were as follows:

	<u>TOWN</u>	<u>BOARD OF EDUCATION</u>
Annual required contribution (ARC) .....	\$ 4,583,188	\$ 4,732,007
Interest on net OPEB obligation .....	542,531	107,758
Adjustment to annual required contribution .....	<u>(470,194)</u>	<u>(254,701)</u>
Annual OPEB cost (AOC) .....	4,655,525	4,585,064
Contributions made .....	<u>1,885,070</u>	<u>2,284,353</u>
Change in net OPEB obligation .....	2,770,455	2,300,711
Net OPEB obligation - July 1, 2015 .....	<u>13,563,277</u>	<u>2,693,949</u>
Net OPEB obligation - June 30, 2016 .....	<u>\$ 16,333,732</u>	<u>\$ 4,994,660</u>

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-Employment Benefit Plans (Continued)**

**6. Three Year Trend Information**

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
<u>TOWN</u>			
2014	\$ 3,591,375	48.0%	\$ 11,831,516
2015	3,746,351	53.8%	13,563,277
2016	4,655,525	40.5%	16,333,732
<u>BOARD OF EDUCATION</u>			
2014	\$ 3,449,125	66.5%	\$ 1,355,085
2015	3,639,761	63.2%	2,693,949
2016	4,585,064	49.8%	4,994,660

**F. Prior Period Adjustment**

The government-wide net position was restated as follows:

Net position as previously reported at June 30, 2015	\$ 23,276,962
To record change to July 1, 2014 (the measurement date) Net Pension Asset – MERS based upon a change in accounting principle to be consistent with the plan audit report and audited net position	<u>8,460,029</u>
Net position as restated as of July 1, 2015	<u>\$ 31,736,991</u>

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## **Required Supplementary Information**

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## Town of East Haven, Connecticut

## Connecticut Municipal Employees Retirement System

Required Supplementary Information  
Last Two Years

## Schedule of Proportionate Share of the Net Pension Liability

	2016	2015 (as restated)
Town's proportion of the net pension liability for the general employees without social security sub plan	<u>6.26%</u>	<u>6.26%</u>
Town's proportion of the net pension liability for the policemen and firemen without social security sub plan	<u>6.17%</u>	<u>6.40%</u>
Town's proportionate share of the net pension (asset) liability	<u>\$ 1,655,172</u>	<u>\$ (1,456,428)</u>
Town's covered-employee payroll	<u>\$ 16,645,682</u>	<u>\$ 16,290,888</u>
Town's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	<u>9.94%</u>	<u>-(8.94)%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>92.72%</u>	<u>90.48%</u>

## Schedule of Contributions

	2016	2015
Contractually required contribution	<u>\$ 2,567,016</u>	<u>\$ 2,502,937</u>
Contributions in relation to the contractually required contribution	<u>2,567,016</u>	<u>2,502,937</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 16,645,682</u>	<u>\$ 16,290,888</u>
Contributions as a percentage of covered-employee payroll	<u>15.42%</u>	<u>15.36%</u>

Note: This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

## Town of East Haven, Connecticut

## Connecticut Municipal Employees Retirement System

## Notes to Required Supplementary Information

June 30, 2016

Changes of benefit terms	None
Changes of assumptions	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.
Actuarial Cost Method	Entry age
Amortization Method	Level dollar, closed
Remaining Amortization Period	25 years
Asset Valuation Method	5 year smoothed market (20% recognition of investment gains and losses)
Inflation	3.25%
Salary Increases	4.25%-11.00%, average, including inflation
Cost-of-living Adjustments	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards
Social Security Wage Base	3.50%
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation

## Town of East Haven, Connecticut

## Connecticut State Teachers' Retirement System

Required Supplementary Information  
Last Two Years

## Schedule of Proportionate Share of the Net Pension Liability

	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with Town	58,217,951	53,810,829
Total	\$ 58,217,951	\$ 53,810,829
Town's covered-employee payroll (2)	N/A	N/A
Town's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

## Schedule of Contributions

	2016	2015
Contractually required contribution (1)	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-
Contribution deficiency (excess)	\$ -	\$ -
Town's covered-employee payroll (2)	N/A	N/A
Contributions as a percentage of covered-employee payroll	0.00%	0.00%

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

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

Note: This schedule is intended to present information for 10 years. Additional years will be presented as they become available.



**Town of East Haven, Connecticut**  
**Connecticut State Teachers' Retirement System**  
**Notes to Required Supplementary Information**

**June 30, 2016**

Changes of benefit terms	None
Changes of assumptions	In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted more closely to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	22.4 years
Asset Valuation Method	4 year smoothed market
Inflation	3.00%
Salary Increases	3.75%-7.00%, average, including inflation
Investment Rate of Return	8.50%, net of pension plan investment expense, including inflation

TOWN OF EAST HAVEN, CONNECTICUTOTHER POST-EMPLOYMENT BENEFIT PLANS  
REQUIRED SUPPLEMENTARY INFORMATION

LAST FOUR VALUATIONS

SCHEDULES OF FUNDING PROGRESSTOWN PLAN

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE JULY 1	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
2009	\$ -	\$ 55,747,276	\$ (55,747,276)	0.0%	N/A	N/A
2011	-	59,580,092	(59,580,092)	0.0%	N/A	N/A
2013	-	61,801,009	(61,801,009)	0.0%	N/A	N/A
2015	-	69,082,589	(69,082,589)	0.0%	N/A	N/A

BOARD OF EDUCATION PLAN

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE JULY 1	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
2009	\$ -	\$ 18,154,621	\$ (18,154,621)	0.0%	N/A	N/A
2011	-	24,221,999	(24,221,999)	0.0%	N/A	N/A
2013	-	39,118,602	(39,118,602)	0.0%	N/A	N/A
2015	-	47,101,378	(47,101,378)	0.0%	N/A	N/A

N/A - No data available.

**TOWN OF EAST HAVEN, CONNECTICUT**OTHER POST-EMPLOYMENT BENEFIT PLANS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT YEARS**SCHEDULES OF EMPLOYER CONTRIBUTIONS****TOWN PLAN**

FISCAL YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTIONS	ACTUAL CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
2009	\$ 3,251,952	\$ 1,502,812	46.2%
2010	3,402,672	1,098,009	32.3%
2011	3,455,700	1,995,205	57.7%
2012	3,625,994	1,474,413	40.7%
2013	3,794,130	1,659,647	43.7%
2014	3,514,757	1,722,989	49.0%
2015	3,655,355	2,014,590	55.1%
2016	4,583,188	1,885,070	41.1%

**BOARD OF EDUCATION PLAN**

FISCAL YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTIONS	ACTUAL CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
2009	\$ 1,252,326	\$ 1,220,310	97.4%
2010	1,311,234	1,203,242	91.8%
2011	1,661,931	1,658,972	99.8%
2012	1,743,829	1,786,278	102.4%
2013	1,926,328	1,842,684	95.7%
2014	3,456,684	2,294,446	66.4%
2015	3,699,922	2,300,897	62.2%
2016	4,732,007	2,284,353	48.3%

Note: This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

TOWN OF EAST HAVEN, CONNECTICUT

## OTHER POST-EMPLOYMENT BENEFIT PLANS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

## LAST EIGHT YEARS

Changes of benefit terms	<p>2013 - Fire participant eligibility was increased from 20 to 25 years of service.</p> <p>2013 - The duration of retiree medical benefits was changed from life for all retirees to age 65 with 20-24 years of service, age 75 with 25-29 years of service, and life with 30 or more years of service.</p> <p>2013 - The portion of the cost paid by retirees for medical coverage was changed from 7% for one group and 0% for all others to 15% for all groups.</p> <p>2014 and 2015 - None.</p>
Changes of assumptions	<p>2013 - Mortality tables were updated to the RP2000 combined healthy tables projected using Scale AA to 2013 with a further projection by 2 years.</p> <p>2013 - The ultimate healthcare rate of inflation was reduced from 9.5% to 8%.</p> <p>2013 - Fire participant eligibility was increased from 20 to 25 years of service.</p> <p>2013 - Per capita health costs were decreased.</p> <p>2014 - None.</p> <p>2015 - Mortality tables were updated to the RP2014 combined healthy tables projected using scale MP2016.</p> <p>2015 - Actuarial cost method was changed to Entry Age Normal from the Projected Unit Credit method.</p> <p>2015 - Investment rate of return was reduced to 4.0% from 4.5%.</p>
Method and assumptions used in calculations of the actuarial determined contribution	<p>The actuarial determined contribution rates in the schedules of employer contributions are calculated as of July 1, 2015. The previous years were calculated using the valuation that was 2 years prior to the fiscal year end.</p>
The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Payments increasing at 4.0%
Remaining Amortization Period - Town	30 years (open)
Remaining Amortization Period - Board	11 years (closed)
Investment Rate of Return	4.0%
Healthcare Inflation rate - Initial	8.0%
Healthcare Inflation rate - Ultimate	5.0%
Inflation rate	4.0%

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## **Supplemental Schedules**

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## **General Fund**

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The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, culture and recreation, health and welfare, development and conservation, benefits and insurance, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

**TOWN OF EAST HAVEN, CONNECTICUT**

GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Real estate.....	\$ 54,784,164	\$ 54,784,164	\$ 54,772,043	\$ (12,121)
Motor vehicle and personal property.....	6,808,754	6,808,754	6,388,697	(420,057)
Supplemental motor vehicle.....	615,288	615,288	638,755	23,467
Delinquent taxes.....	775,000	775,000	773,219	(1,781)
Suspense collections.....	95,000	95,000	99,904	4,904
Interest, penalties and liens.....	650,000	650,000	586,428	(63,572)
PILOT water authority.....	744,171	744,171	743,926	(245)
PILOT GNHWPCA.....	63,000	63,000	63,000	-
Telecommunication property tax.....	52,000	52,000	48,569	(3,431)
TOTAL PROPERTY TAXES.....	64,587,377	64,587,377	64,114,541	(472,836)
INTERGOVERNMENTAL:				
State aid school construction.....	1,547,182	1,547,182	1,547,182	-
Health and welfare nonpublic school.....	34,115	34,115	28,688	(5,427)
Pupil transportation.....	219,756	219,756	214,148	(5,608)
Education block grant.....	18,804,233	18,804,233	18,699,726	(104,507)
PILOT state property.....	370,825	370,825	253,502	(117,323)
PILOT Pequot funds.....	180,779	180,779	174,289	(6,490)
Elderly circuit breaker.....	358,889	358,889	316,984	(41,905)
Tax relief elderly.....	4,000	4,000	4,000	-
Veterans' exemption.....	83,500	83,500	79,209	(4,291)
Disability reimbursement.....	5,800	5,800	5,389	(411)
Off Track Betting (OTB).....	69,500	69,500	64,137	(5,363)
State of CT department of children.....	22,200	22,200	21,340	(860)
TOTAL INTERGOVERNMENTAL.....	21,700,779	21,700,779	21,408,594	(292,185)
INVESTMENT INCOME.....	25,500	25,500	46,659	21,159
CHARGES FOR SERVICES:				
Zoning board of appeals.....	4,270	4,270	5,471	1,201
Zoning fees.....	19,500	19,500	21,907	2,407
Police permits, tags, etc.....	18,500	18,500	65,510	47,010
Fire permits/fees.....	1,000	1,000	1,145	145
Town clerk fees.....	374,014	374,014	436,131	62,117
Building department permits.....	235,000	235,000	255,342	20,342
Recreation fees.....	105,000	105,000	69,486	(35,514)
Pool fees.....	28,500	28,500	9,550	(18,950)
Athletic complex fees.....	285,000	285,000	347,481	62,481
C.A.M. fees.....	1,850	1,850	480	(1,370)
Human services fees.....	265,000	265,000	235,159	(29,841)
Landfill fees.....	15,000	15,000	12,420	(2,580)
Solid waste hauler fees.....	12,500	12,500		(12,500)
Inland/wetland prints.....	1,000	1,000		(1,000)
Flood and erosion.....	3,500	3,500	4,739	1,239
Police special assignments.....	555,037	555,037	647,775	92,738
TOTAL CHARGES FOR SERVICES.....	1,924,671	1,924,671	2,112,596	187,925

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
OTHER:				
Employee benefit cost sharing.....	\$ 437,228	\$ 437,228	\$ 473,920	\$ 36,692
Workers' compensation reimbursement.....	277,000	277,000	243,728	(33,272)
Miscellaneous.....	145,000	145,000	110,615	(34,385)
TOTAL OTHER .....	859,228	859,228	828,263	(30,965)
TOTAL REVENUES.....	89,097,555	89,097,555	88,510,653	(586,902)
OTHER FINANCING SOURCES:				
Transfers in.....			25,015	25,015
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 89,097,555	\$ 89,097,555	\$ 88,535,668	\$ (561,887)

(Concluded)



**TOWN OF EAST HAVEN, CONNECTICUT**

GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>GENERAL GOVERNMENT:</b>				
Town Council.....	\$ 72,600	\$ 72,600	\$ 63,328	\$ 9,272
Board of Finance.....	6,800	6,800	6,000	800
Mayor.....	147,164	147,164	141,116	6,048
Finance.....	429,613	429,613	418,882	10,731
Purchasing.....	48,237	48,237	41,252	6,985
Tax collector.....	270,931	270,931	264,094	6,837
Assessor.....	270,895	270,895	257,243	13,652
Personnel, administration and management.....	347,346	347,346	297,040	50,306
Board of assessment appeals.....	1,600	2,525	2,525	-
Town clerk.....	262,956	262,956	240,584	22,372
Registrar of Voters.....	145,270	145,270	132,264	13,006
Planning and zoning.....	160,743	160,743	154,544	6,199
Zoning board of appeals.....	2,975	2,975	2,583	392
Legal.....	499,860	498,935	462,794	36,141
Probate.....	15,950	15,950	12,784	3,166
Civil service.....	48,185	48,185	43,754	4,431
Flood and erosion.....	600	600	-	600
Inland/wetland.....	1,900	1,900	526	1,374
Fund balance contribution.....	600,000	600,000	-	600,000
School building committee.....	2,600	2,600	1,985	615
<b>TOTAL GENERAL GOVERNMENT.....</b>	<b>3,336,225</b>	<b>3,336,225</b>	<b>2,543,298</b>	<b>792,927</b>
<b>PUBLIC SAFETY:</b>				
Board of police commissioners.....	3,025	3,025	1,300	1,725
Animal Shelter.....	220,245	220,245	216,079	4,166
Police department.....	5,136,682	5,136,682	4,938,335	198,347
Board of fire commissioners.....	13,750	13,750	11,785	1,965
Fire department.....	5,338,546	5,365,166	5,409,359	(44,193)
Public Safety Command Center.....	709,804	761,616	735,016	26,600
<b>TOTAL PUBLIC SAFETY.....</b>	<b>11,422,052</b>	<b>11,500,484</b>	<b>11,311,874</b>	<b>188,610</b>
<b>HIGHWAYS AND ENGINEERING:</b>				
Engineering.....	150,505	150,505	140,573	9,932
Highways.....	2,201,335	2,278,741	2,172,124	106,617
<b>TOTAL HIGHWAYS AND ENGINEERING.....</b>	<b>2,351,840</b>	<b>2,429,246</b>	<b>2,312,697</b>	<b>116,549</b>
<b>SANITATION AND MAINTENANCE:</b>				
Building department.....	146,584	146,584	146,488	96
Sanitation.....	1,899,280	1,914,147	1,908,064	6,083
Building maintenance.....	785,236	774,501	720,755	53,746
<b>TOTAL SANITATION AND MAINTENANCE.....</b>	<b>2,831,100</b>	<b>2,835,232</b>	<b>2,775,307</b>	<b>59,925</b>

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>HEALTH AND WELFARE:</b>				
Public health.....	\$ 262,733	\$ 262,733	\$ 259,356	\$ 3,377
Social services.....	57,174	57,174	53,501	3,673
Counseling and community services.....	607,173	632,257	631,898	359
Housing authority.....	850	850	-	850
Urban renewal.....	42,450	42,450	13,373	29,077
<b>TOTAL HEALTH AND WELFARE.....</b>	<b>970,380</b>	<b>995,464</b>	<b>958,128</b>	<b>37,336</b>
<b>CULTURE AND RECREATION:</b>				
Recreation.....	455,370	448,870	477,555	(28,685)
Recreation - ice rink.....	287,712	302,144	290,520	11,624
Senior center.....	205,516	191,463	186,324	5,139
Library.....	765,046	768,092	765,046	3,046
Community services.....	129,500	129,500	104,044	25,456
<b>TOTAL CULTURE AND RECREATION.....</b>	<b>1,843,144</b>	<b>1,840,069</b>	<b>1,823,489</b>	<b>16,580</b>
<b>EMPLOYEE BENEFITS AND INSURANCE:</b>				
Employee benefits.....	8,844,159	8,844,159	7,967,508	876,651
Insurance.....	2,782,500	2,763,732	2,717,839	45,893
<b>TOTAL EMPLOYEE BENEFITS AND INSURANCE..</b>	<b>11,626,659</b>	<b>11,607,891</b>	<b>10,685,347</b>	<b>922,544</b>
<b>EDUCATION.....</b>	<b>47,160,357</b>	<b>47,160,357</b>	<b>48,079,032</b>	<b>(918,675)</b>
<b>GENERAL SERVICES.....</b>	<b>2,107,500</b>	<b>1,944,289</b>	<b>1,464,322</b>	<b>479,967</b>
<b>DEBT SERVICE:</b>				
Principal.....	4,170,000	4,170,000	4,170,000	-
Interest.....	1,278,298	1,278,298	1,278,298	-
<b>TOTAL DEBT SERVICE.....</b>	<b>5,448,298</b>	<b>5,448,298</b>	<b>5,448,298</b>	<b>-</b>
<b>TOTAL EXPENDITURES.....</b>	<b>\$ 89,097,555</b>	<b>\$ 89,097,555</b>	<b>\$ 87,401,792</b>	<b>\$ 1,695,763</b>

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUT

REPORT OF TAX COLLECTOR  
YEAR ENDED JUNE 30, 2016

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2015	CURRENT YEAR LEVY	<u>LAWFUL CORRECTIONS</u>		TRANSFERS TO SUSPENSE	ADJUSTED AMOUNT COLLECTIBLE	<u>COLLECTIONS</u>			UNCOLLECTED TAXES JUNE 30, 2016
			ADDITIONS	DEDUCTIONS			TAXES	INTEREST & LIEN FEES	TOTAL	
1999	\$ 18,205	\$	\$	\$ 18,205		\$ -	\$	\$	\$ -	\$ -
2000	25,833			640		25,193			-	25,193
2001	29,564			641		28,923		4	4	28,923
2002	25,633			641		24,992	3	33	36	24,989
2003	60,806			641		60,165	4	32	36	60,161
2004	70,313			712		69,601	4	32	36	69,597
2005	73,708			713		72,995	4	31	35	72,991
2006	88,169			480		87,689	196	329	525	87,493
2007	92,015		224	480		91,759	297	417	714	91,462
2008	106,399		274	480		106,193	3,684	3,249	6,933	102,509
2009	234,110		223	564	169	233,600	15,269	12,351	27,620	218,331
2010	341,037		316	558	211	340,584	53,372	29,632	83,004	287,212
2011	256,973		39,188	4,517	206	291,438	93,526	32,031	125,557	197,912
2012	409,055		1,463	7,352	166	403,000	109,913	33,382	143,295	293,087
2013	1,421,787		8,194	29,801	215,049	1,185,131	686,975	156,247	843,222	498,156
TOTAL PRIOR YEARS	3,253,607	-	49,882	66,425	215,801	3,021,263	963,247	267,770	1,231,017	2,058,016
2014		63,084,592	105,593	148,479	2,208	63,039,498	61,734,456	242,400	61,976,856	1,305,042
TOTAL	\$ 3,253,607	\$ 63,084,592	\$ 155,475	\$ 214,904	\$ 218,009	\$ 66,060,761	62,697,703	510,170	63,207,873	\$ 3,363,058
Suspense collections							105,663	69,774	175,437	
Totals							\$ 62,803,366	\$ 579,944	\$ 63,383,310	

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# Nonmajor Governmental Funds

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## Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Public Safety

Historical Documents Preservation

Economic Development

Town Pool Repair

Open Space

Workforce Alliance

Marine Enforcement Grants

Public Works State Aid

FEMA

Permanent Patch Fund

East Haven Kennel Club

Small Cities

Dog Licenses

Senior Center

Teen Center

Hagaman Memorial Library

Health and Welfare

Emergency Management Fund

Daycare

Athletic Department

High School Rental

School Lunch

Adult Education

Education Grants

# **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

## **Debt Service**

This fund is used to account for resources used to pay off the sewer related bonds.

## **Capital Projects Funds**

Capital projects funds are used to account for financial resources to be used for major capital asset construction and/or purchase.

LOCIP

LOCIP Town Clerk Fees

## **Permanent Funds**

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

J. Woodward Thompson Education Fund

Library Fund

Library Building Project

Isaac Hagaman Library Fund

A. J. Berman Library Fund

TOWN OF EAST HAVEN, CONNECTICUTCOMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	SPECIAL REVENUE FUNDS					
	PUBLIC SAFETY	HISTORICAL DOCUMENTS PRESERVATION	ECONOMIC DEVELOPMENT	TOWN POOL REPAIR	OPEN SPACE	MARINE ENFORCEMENT GRANTS
<u>ASSETS</u>						
Cash.....	\$ 7,759	\$	\$	\$	\$	\$
Investments.....						
Receivables:						
Intergovernmental.....						
Other.....						
Due from other funds.....	25,211	22,540	980	4,404	45,000	6,364
TOTAL ASSETS.....	\$ 32,970	\$ 22,540	\$ 980	\$ 4,404	\$ 45,000	\$ 6,364
<u>LIABILITIES</u>						
Accounts payable.....	\$ 278	\$	\$	\$	\$	\$
Accrued payroll.....						
Due to other funds.....						
Unearned revenue.....	4,651					
TOTAL LIABILITIES.....	4,929	-	-	-	-	-
<u>FUND BALANCES</u>						
Nonspendable.....						
Restricted.....	28,041	22,540				6,364
Committed.....						
Assigned.....			980	4,404	45,000	
Unassigned.....						
TOTAL FUND BALANCES.....	28,041	22,540	980	4,404	45,000	6,364
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 32,970	\$ 22,540	\$ 980	\$ 4,404	\$ 45,000	\$ 6,364

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT  
 COMBINING BALANCE SHEET (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS					
	PUBLIC WORKS STATE AID	EAST HAVEN KENNEL CLUB	SMALL CITIES	DOG LICENSES	SENIOR CENTER	TEEN CENTER
<u>ASSETS</u>						
Cash.....	\$	\$	\$ 49,247	\$	\$ 10,729	\$
Investments.....						
Receivables:						
Intergovernmental.....						
Other.....		765		1,459		
Due from other funds.....	89,075	13,711		21,910		5,853
TOTAL ASSETS.....	\$ 89,075	\$ 14,476	\$ 49,247	\$ 23,369	\$ 10,729	\$ 5,853
<u>LIABILITIES</u>						
Accounts payable.....	\$	\$	\$	\$ 1,088	\$	\$
Accrued payroll.....						
Due to other funds.....						
Unearned revenue.....						
TOTAL LIABILITIES.....	-	-	-	1,088	-	-
<u>FUND BALANCES</u>						
Nonspendable.....						
Restricted.....	89,075		49,247			
Committed.....					10,729	
Assigned.....		14,476		22,281		5,853
Unassigned.....						
TOTAL FUND BALANCES.....	89,075	14,476	49,247	22,281	10,729	5,853
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 89,075	\$ 14,476	\$ 49,247	\$ 23,369	\$ 10,729	\$ 5,853

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

	HAGAMAN MEMORIAL LIBRARY	HEALTH AND WELFARE	EMERGENCY MANAGEMENT FUND	DAYCARE	ATHLETIC DEPARTMENT
<u>ASSETS</u>					
Cash.....	\$ 91,936	\$ 4	\$	\$ 13,624	\$ 23,754
Investments.....					
Receivables:					
Intergovernmental.....		35,406			
Other.....		164			
Due from other funds.....		154,036	195	42,315	
TOTAL ASSETS.....	\$ 91,936	\$ 189,610	\$ 195	\$ 55,939	\$ 23,754
<u>LIABILITIES</u>					
Accounts payable.....	\$	\$ 19,624	\$	\$	\$
Accrued payroll.....				15,554	
Due to other funds.....	31,934	20,045		54,506	
Unearned revenue.....					
TOTAL LIABILITIES.....	31,934	39,669	-	70,060	-
<u>FUND BALANCES</u>					
Nonspendable.....					
Restricted.....			195		
Committed.....		149,941			
Assigned.....	60,002				23,754
Unassigned.....				(14,121)	
TOTAL FUND BALANCES.....	60,002	149,941	195	(14,121)	23,754
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 91,936	\$ 189,610	\$ 195	\$ 55,939	\$ 23,754

(Continued)



TOWN OF EAST HAVEN, CONNECTICUT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS
	HIGH SCHOOL RENTAL	SCHOOL LUNCH	ADULT EDUCATION	EDUCATION GRANTS	TOTAL SPECIAL REVENUE FUNDS	LOCIP TOWN CLERK FEES
<b>ASSETS</b>						
Cash.....	\$ 119,152	\$ 3,690	\$ 63,867	\$ 2,139,198	\$ 2,522,960	\$
Investments.....	1,029				1,029	
Receivables:						
Intergovernmental.....		119,884		668,907	824,197	
Other.....				2,300	4,688	81
Due from other funds.....			6,866	1,428	439,888	106,741
Other.....		17,309			17,309	
<b>TOTAL ASSETS.....</b>	<b>\$ 120,181</b>	<b>\$ 140,883</b>	<b>\$ 70,733</b>	<b>\$ 2,811,833</b>	<b>\$ 3,810,071</b>	<b>\$ 106,822</b>
<b>LIABILITIES</b>						
Accounts payable.....	\$ 3,000	\$ 360,735	\$ 6,537	\$ 440,723	\$ 831,985	\$
Accrued payroll.....	9,210			389,841	414,605	
Due to other funds.....	230	1,428		971,401	1,079,544	
Unearned revenue.....		9,701		546,686	561,038	
<b>TOTAL LIABILITIES.....</b>	<b>12,440</b>	<b>371,864</b>	<b>6,537</b>	<b>2,348,651</b>	<b>2,887,172</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable.....					-	
Restricted.....	107,741		64,196		367,399	
Committed.....				463,182	623,852	106,822
Assigned.....					176,750	
Unassigned.....		(230,981)			(245,102)	
<b>TOTAL FUND BALANCES.....</b>	<b>107,741</b>	<b>(230,981)</b>	<b>64,196</b>	<b>463,182</b>	<b>922,899</b>	<b>106,822</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 120,181</b>	<b>\$ 140,883</b>	<b>\$ 70,733</b>	<b>\$ 2,811,833</b>	<b>\$ 3,810,071</b>	<b>\$ 106,822</b>

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

	PERMANENT FUNDS						
	J. WOODWARD THOMPSON EDUCATION FUND	LIBRARY FUND	LIBRARY BUILDING PROJECT	ISAAC HAGAMAN LIBRARY FUND	A. J. BERMAN LIBRARY FUND	TOTAL PERMANENT FUNDS	TOTAL
<u>ASSETS</u>							
Cash.....	\$	\$ 17,260	\$ 13,790	\$	\$	\$ 31,050	\$ 2,554,010
Investments.....	419,993			1,154,951	22,963	1,597,907	1,598,936
Receivables:							
Intergovernmental.....						-	824,197
Other.....						-	4,769
Due from other funds.....						-	546,629
Other.....						-	17,309
TOTAL ASSETS.....	\$ 419,993	\$ 17,260	\$ 13,790	\$ 1,154,951	\$ 22,963	\$ 1,628,957	\$ 5,545,850
<u>LIABILITIES</u>							
Accounts payable.....	\$	\$	\$	\$	\$	\$ -	\$ 831,985
Accrued payroll.....						-	414,605
Due to other funds.....						-	1,079,544
Unearned revenue.....						-	561,038
TOTAL LIABILITIES.....	-	-	-	-	-	-	2,887,172
<u>FUND BALANCES</u>							
Nonspendable.....				100,000		100,000	100,000
Restricted.....	419,993	17,260	13,790	1,054,951	22,963	1,528,957	1,896,356
Committed.....						-	730,674
Assigned.....						-	176,750
Unassigned.....						-	(245,102)
TOTAL FUND BALANCES.....	419,993	17,260	13,790	1,154,951	22,963	1,628,957	2,658,678
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 419,993	\$ 17,260	\$ 13,790	\$ 1,154,951	\$ 22,963	\$ 1,628,957	\$ 5,545,850

(Concluded)

**TOWN OF EAST HAVEN, CONNECTICUT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016**

	SPECIAL REVENUE FUNDS						
	PUBLIC SAFETY	HISTORICAL DOCUMENTS PRESERVATION	ECONOMIC DEVELOPMENT	TOWN POOL REPAIR	OPEN SPACE	WORKFORCE ALLIANCE	MARINE ENFORCEMENT GRANTS
REVENUES:							
Charges for services.....	\$ 16,303	\$ 12,798	\$	\$ 1,237	\$	\$	\$
Intergovernmental.....	68,653	4,000				19,587	
Investment income.....	3						
Contributions.....	5,239						
TOTAL REVENUES.....	90,198	16,798	-	1,237	-	19,587	-
EXPENDITURES:							
Current:							
General government.....		17,786	400				
Public safety.....	87,038						513
Public works.....							
Culture and recreation.....				700			
Health and welfare.....						19,587	
Public works.....							
Education.....							
Debt service.....							
Capital outlay.....							
TOTAL EXPENDITURES.....	87,038	17,786	400	700	-	19,587	513
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	3,160	(988)	(400)	537	-	-	(513)
OTHER FINANCING SOURCES (USES):							
Transfers out.....							
NET CHANGE IN FUND BALANCES.....	3,160	(988)	(400)	537	-	-	(513)
FUND BALANCES, JULY 1, 2015.....	24,881	23,528	1,380	3,867	45,000		6,877
FUND BALANCES, JUNE 30, 2016.....	\$ 28,041	\$ 22,540	\$ 980	\$ 4,404	\$ 45,000	\$ -	\$ 6,364

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS					
	PUBLIC WORKS STATE AID	FEMA	PERMANENT PATCH FUND	EAST HAVEN KENNEL CLUB	SMALL CITIES	DOG LICENSES
REVENUES:						
Charges for services.....	\$	\$	\$	\$ 16,706	\$ 30,186	\$ 21,147
Intergovernmental.....	445,412	9,269				
Investment income.....						
Contributions.....						
TOTAL REVENUES.....	445,412	9,269	-	16,706	30,186	21,147
EXPENDITURES:						
Current:						
General government.....				38,847		24,102
Public safety.....						
Public works.....	529,623	9,269	500		1,666	
Culture and recreation.....						
Health and welfare.....						
Education.....						
Debt service.....						
Capital outlay.....						
TOTAL EXPENDITURES.....	529,623	9,269	500	38,847	1,666	24,102
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(84,211)	-	(500)	(22,141)	28,520	(2,955)
OTHER FINANCING SOURCES (USES):						
Transfers out.....						
NET CHANGE IN FUND BALANCES.....	(84,211)	-	(500)	(22,141)	28,520	(2,955)
FUND BALANCES, JULY 1, 2015.....	173,286	-	500	36,617	20,727	25,236
FUND BALANCES, JUNE 30, 2016.....	\$ 89,075	\$ -	\$ -	\$ 14,476	\$ 49,247	\$ 22,281

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS				
	SENIOR CENTER	TEEN CENTER	HAGAMAN MEMORIAL LIBRARY	HEALTH AND WELFARE	EMERGENCY MANAGEMENT FUND
REVENUES:					
Charges for services.....	\$ 50,019	\$	\$ 20,165	\$ 63,244	\$
Intergovernmental.....			2,597	153,741	
Investment income.....					
Contributions.....			11,691	1,054	
TOTAL REVENUES.....	50,019	-	34,453	218,039	-
EXPENDITURES:					
Current:					
General government.....					
Public safety.....				15,415	
Public works.....					
Culture and recreation.....	47,023		45,787	48,916	
Health and welfare.....				134,395	
Education.....					
Debt service.....					
Capital outlay.....					
TOTAL EXPENDITURES.....	47,023	-	45,787	198,726	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	2,996	-	(11,334)	19,313	-
OTHER FINANCING SOURCES (USES):					
Transfers out.....				(25,000)	
NET CHANGE IN FUND BALANCES.....	2,996	-	(11,334)	(5,687)	-
FUND BALANCES, JULY 1, 2015.....	7,733	5,853	71,336	155,628	195
FUND BALANCES, JUNE 30, 2016.....	\$ 10,729	\$ 5,853	\$ 60,002	\$ 149,941	\$ 195

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE FUNDS						TOTAL SPECIAL REVENUE FUNDS
	DAYCARE	ATHLETIC DEPARTMENT	HIGH SCHOOL RENTAL	SCHOOL LUNCH	ADULT EDUCATION	EDUCATION GRANTS	
REVENUES:							
Charges for services.....	\$ 378,761	\$ 78,609	\$ 132,156	\$ 416,321	\$ 24,928	\$ 85,274	\$ 1,347,854
Intergovernmental.....				931,773		5,624,491	7,259,523
Investment income.....							3
Contributions.....							17,984
TOTAL REVENUES.....	378,761	78,609	132,156	1,348,094	24,928	5,709,765	8,625,364
EXPENDITURES:							
Current:							
General government.....							81,135
Public safety.....							102,966
Public works.....							541,058
Culture and recreation.....							142,426
Health and welfare.....							153,982
Education.....	353,568	64,673	90,627	1,349,680	26,667	5,817,501	7,702,716
Debt service.....							-
Capital outlay.....							-
TOTAL EXPENDITURES.....	353,568	64,673	90,627	1,349,680	26,667	5,817,501	8,724,283
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	25,193	13,936	41,529	(1,586)	(1,739)	(107,736)	(98,919)
OTHER FINANCING SOURCES (USES):							
Transfers out.....							(25,000)
NET CHANGE IN FUND BALANCES.....	25,193	13,936	41,529	(1,586)	(1,739)	(107,736)	(123,919)
FUND BALANCES, JULY 1, 2015.....	(39,314)	9,818	66,212	(229,395)	65,935	570,918	1,046,818
FUND BALANCES, JUNE 30, 2016.....	\$ (14,121)	\$ 23,754	\$ 107,741	\$ (230,981)	\$ 64,196	\$ 463,182	\$ 922,899

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS

	DEBT SERVICE	CAPITAL PROJECT FUNDS		
	DEBT SERVICE	LOCIP	LOCIP TOWN CLERK FEES	TOTAL CAPITAL PROJECTS FUNDS
REVENUES:				
Charges for services.....	\$	\$	\$ 12,801	\$ 12,801
Intergovernmental.....		119,249		119,249
Investment income.....				-
Change in fair value of investments.....				-
Contributions.....	119,758			-
TOTAL REVENUES.....	119,758	119,249	12,801	132,050
EXPENDITURES:				
Current:				
General government.....				-
Public safety.....				-
Public works.....				-
Culture and recreation.....				-
Health and welfare.....				-
Education.....				-
Debt service.....	368,280			-
Capital outlay.....		119,249		119,249
TOTAL EXPENDITURES.....	368,280	119,249	-	119,249
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(248,522)	-	12,801	12,801
OTHER FINANCING SOURCES (USES):				
Transfers out.....	(15)			-
NET CHANGE IN FUND BALANCES.....	(248,537)	-	12,801	12,801
FUND BALANCES, JULY 1, 2015.....	248,537	-	94,021	94,021
FUND BALANCES, JUNE 30, 2016.....	\$ -	\$ -	\$ 106,822	\$ 106,822

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

	PERMANENT FUNDS						
	J. WOODWARD THOMPSON EDUCATION FUND	LIBRARY FUND	LIBRARY BUILDING PROJECT	ISAAC HAGAMAN LIBRARY FUND	A. J. BERMAN LIBRARY FUND	TOTAL PERMANENT FUNDS	TOTAL
REVENUES:							
Charges for services.....	\$	\$	\$	\$	\$	\$ -	\$ 1,360,655
Intergovernmental.....						-	7,378,772
Investment income.....	971	4		24,419	160	25,554	25,557
Change in fair value of investments.....				(44,506)	(140)	(44,646)	(44,646)
Contributions.....		1,380	100	4,548		6,028	143,770
TOTAL REVENUES.....	971	1,384	100	(15,539)	20	(13,064)	8,864,108
EXPENDITURES:							
Current:							
General government.....						-	81,135
Public safety.....						-	102,966
Public works.....						-	541,058
Culture and recreation.....		2,053	2,188	69,811		74,052	216,478
Health and welfare.....						-	153,982
Education.....						-	7,702,716
Debt service.....						-	368,280
Capital outlay.....						-	119,249
TOTAL EXPENDITURES.....	-	2,053	2,188	69,811	-	74,052	9,285,864
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	971	(669)	(2,088)	(85,350)	20	(87,116)	(421,756)
OTHER FINANCING SOURCES (USES):							
Transfers out.....				-		-	(25,015)
NET CHANGE IN FUND BALANCES.....	971	(669)	(2,088)	(85,350)	20	(87,116)	(446,771)
FUND BALANCES, JULY 1, 2015.....	419,022	17,929	15,878	1,240,301	22,943	1,716,073	3,105,449
FUND BALANCES, JUNE 30, 2016.....	\$ 419,993	\$ 17,260	\$ 13,790	\$ 1,154,951	\$ 22,963	\$ 1,628,957	\$ 2,658,678

(Concluded)



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## Internal Service Funds

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Internal Service funds are used to account for the providing of goods or services provided by one department to other departments of the Town on a cost reimbursement basis or accounting for risk retention as allowed by GASB Statement No. 10.

### **Self-Insurance Reserve**

To account for the resources used to pay various claims and judgments.

### **Workers' Compensation Fund**

To account for the resources used to pay workers' compensation claims for the Town.

### **Medical Insurance Fund**

To account for self-insured medical benefits for Town employees.

TOWN OF EAST HAVEN, CONNECTICUTINTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	SELF- INSURANCE	WORKERS' COMPENSATION	MEDICAL INSURANCE	TOTAL
<u>ASSETS</u>				
Current assets:				
Cash.....	\$	\$	\$ 2,395,101	\$ 2,395,101
Investments.....	787,343			787,343
Accounts receivable.....			177,012	177,012
Due from other funds.....		2,926,733	2,012,151	4,938,884
Other asset.....		165,584		165,584
TOTAL ASSETS.....	787,343	3,092,317	4,584,264	8,463,924
<u>LIABILITIES</u>				
Current liabilities:				
Claims and judgments payable.....	200,000	4,812,382	1,026,000	6,038,382
Due to other funds.....	833,713			833,713
Total current liabilities.....	1,033,713	4,812,382	1,026,000	6,872,095
Noncurrent liability:				
Claims and judgments payable.....	5,555,226	6,497,678		12,052,904
TOTAL LIABILITIES.....	6,588,939	11,310,060	1,026,000	18,924,999
<u>NET POSITION</u>				
Unrestricted.....	\$ (5,801,596)	\$ (8,217,743)	\$ 3,558,264	\$ (10,461,075)

TOWN OF EAST HAVEN, CONNECTICUT

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 YEAR ENDED JUNE 30, 2016

	SELF- INSURANCE	WORKERS' COMPENSATION	MEDICAL INSURANCE	TOTAL
OPERATING REVENUES:				
Charges for services.....	\$ 296,171	\$ 2,625,910	\$ 15,403,910	\$ 18,325,991
OPERATING EXPENSES:				
Claims.....	(237,841)	2,239,254	12,887,890	14,889,303
Administration.....			2,130,243	2,130,243
TOTAL OPERATING EXPENSES.....	(237,841)	2,239,254	15,018,133	17,019,546
OPERATING INCOME (LOSS).....	534,012	386,656	385,777	1,306,445
NONOPERATING REVENUES:				
Investment income.....			15,550	15,550
Insurance reimbursements.....		587,424	162,228	749,652
TOTAL NONOPERATING REVENUES.....	-	587,424	177,778	765,202
CHANGE IN NET POSITION.....	534,012	974,080	563,555	2,071,647
TOTAL NET POSITION - JULY 1, 2015.....	(6,335,608)	(9,191,823)	2,994,709	(12,532,722)
TOTAL NET POSITION - JUNE 30, 2016.....	\$ (5,801,596)	\$ (8,217,743)	\$ 3,558,264	\$ (10,461,075)

TOWN OF EAST HAVEN, CONNECTICUTINTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016

	SELF- INSURANCE	WORKERS' COMPENSATION	MEDICAL INSURANCE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
Premiums received.....	\$ 462,784	\$ 1,764,325	\$ 16,675,767	\$ 18,902,876
Payments to vendors.....			(2,130,243)	(2,130,243)
Payments for claims.....		(2,351,749)	(12,901,890)	(15,253,639)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	462,784	(587,424)	1,643,634	1,518,994
CASH FLOWS FROM INVESTING ACTIVITIES:				
Income on investments.....			15,550	15,550
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Insurance reimbursement.....		587,424	162,228	749,652
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.	462,784	-	1,821,412	2,284,196
CASH AND CASH EQUIVALENTS - JULY 1, 2015.....	324,559		573,689	898,248
CASH AND CASH EQUIVALENTS - JUNE 30, 2016.....	\$ 787,343	\$ -	\$ 2,395,101	\$ 3,182,444
RECONCILIATION TO STATEMENT OF NET POSITION CASH:				
Cash and cash equivalents per above.....	\$ 787,343	\$	\$ 2,395,101	\$ 3,182,444
Cash and cash equivalents reported as investments.....	(787,343)			(787,343)
STATEMENT OF NET POSITION CASH.....	\$ -	\$ -	\$ 2,395,101	\$ 2,395,101
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 534,012	\$ 386,656	\$ 385,777	\$ 1,306,445
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in:				
Accounts receivable.....		4,890	14,169	19,059
Due from other funds.....	166,613	(837,545)	1,257,688	586,756
Other asset.....		(28,930)		(28,930)
Increase (decrease) in:				
Claims and judgments payable.....	(237,841)	(112,495)	(14,000)	(364,336)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ 462,784	\$ (587,424)	\$ 1,643,634	\$ 1,518,994

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# Fiduciary Funds

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Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

## **PRIVATE-PURPOSE TRUST FUNDS**

### **Shinder Scholarship Fund**

To account for the named scholarship fund activity.

### **Patsy Dilungo Scholarship Fund**

To account for the named scholarship fund activity.

### **Jan Stopka Scholarship Fund**

To account for the named scholarship fund activity.

## **AGENCY FUNDS**

### **Student Activities**

These funds are used to control various activities as defined by State Statutes undertaken by students of the public school system.

### **Flex Spending**

To account for the Town employees flex spending plan activity.

### **Library HSA**

To account for the Library employees HSA plan activity.

### **Performance Bonds**

To account for cash bonds and other cash and investments held by the Town to ensure compliance with specifications and regulations with respect to various building projects and improvements.

**TOWN OF EAST HAVEN, CONNECTICUT**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

PRIVATE-PURPOSE TRUST FUNDS

	SHINDER SCHOLARSHIP FUND	PATSY DILUNGO SCHOLARSHIP FUND	JAN STOPKA SCHOLARSHIP FUND	TOTAL PRIVATE- PURPOSE TRUST FUNDS
<b><u>ASSETS</u></b>				
Cash.....	\$	\$	\$	\$
Investments.....	42,022	27,308	26,705	27,308
				68,727
TOTAL ASSETS.....	\$	\$	\$	\$
	42,022	27,308	26,705	96,035
<b><u>NET POSTION</u></b>				
Restricted for individuals.....	\$	\$	\$	\$
	42,022	27,308	26,705	96,035

TOWN OF EAST HAVEN, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2016

	PRIVATE-PURPOSE TRUST FUNDS			
	SHINDER SCHOLARSHIP FUND	PATSY DILUNGO SCHOLARSHIP FUND	JAN STOPKA SCHOLARSHIP FUND	TOTAL PRIVATE- PURPOSE TRUST FUNDS
ADDITIONS:				
Interest and dividends.....	\$ 43	\$ 3	\$ 37	\$ 83
DEDUCTIONS:				
Scholarships awarded.....	1,000	1,500		2,500
CHANGE IN NET POSITION.....	(957)	(1,497)	37	(2,417)
TOTAL NET POSITION, JULY 1, 2015.....	42,979	28,805	26,668	98,452
TOTAL NET POSITION, JUNE 30, 2016.....	\$ 42,022	\$ 27,308	\$ 26,705	\$ 96,035

TOWN OF EAST HAVEN, CONNECTICUT

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED JUNE 30, 2016

	BALANCE JULY 1, 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2016
<u>ASSETS</u>				
CASH:				
East Haven High School Activity Fund.....	\$ 79,642	\$ 141,225	\$ 131,145	\$ 89,722
Joseph Melillo Middle School Activity Fund.....	4,975	52,470	51,565	5,880
Deer Run Student Activity Fund.....	2,885	2,746	1,440	4,191
Ferrara Student Activity Fund.....	2,429	13,781	14,988	1,222
General Activity Fund.....	4,198			4,198
EH School Fund.....	1,784			1,784
EH Highland School.....	9,014	1		9,015
Tuttle School.....	564	4,194	4,245	513
Flex Spending.....	16,897	26,081	26,645	16,333
Library HSA.....	4,047	15,385	12,538	6,894
Performance bonds.....	959		40	919
TOTAL CASH.....	127,394	255,883	242,606	140,671
INVESTMENTS:				
East Haven High School Activity Fund.....	27,172	11		27,183
TOTAL ASSETS.....	\$ 154,566	\$ 255,894	\$ 242,606	\$ 167,854
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
East Haven High School Activity Fund.....	\$ 106,814	\$ 141,236	\$ 131,145	\$ 116,905
Joseph Melillo Middle School Activity Fund.....	4,975	52,470	51,565	5,880
Deer Run Student Activity Fund.....	2,885	2,746	1,440	4,191
Ferrara Student Activity Fund.....	2,429	13,781	14,988	1,222
General Activity Fund.....	4,198			4,198
EH School Fund.....	1,784			1,784
EH Highland School.....	9,014	1		9,015
Tuttle School.....	564	4,194	4,245	513
Flex Spending.....	16,897	26,081	26,645	16,333
Library HSA.....	4,047	15,385	12,538	6,894
Performance bonds.....	959		40	919
TOTAL ACCOUNTS PAYABLE.....	\$ 154,566	\$ 255,894	\$ 242,606	\$ 167,854



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# Trend Data

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TABLE 1

## TOWN OF EAST HAVEN, CONNECTICUT

NET POSITION BY COMPONENT  
LAST TEN YEARS  
(UNAUDITED)

	FISCAL YEAR									
	2016	2015 (as restated)	2014	2013	2012	2011	(1) 2010	2009	2008	2007
Net Investment in capital assets.....	\$ 54,687,757	\$ 54,538,832	\$ 52,762,397	\$ 51,037,398	\$ 48,709,002	\$ 44,377,039	\$ 35,996,442	\$ 36,790,597	\$ 37,516,717	\$ 32,585,690
Restricted for:										
Endowments:										
Nonexpendable.....	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Expendable.....	1,528,957	1,616,073	1,674,276	1,567,686	1,669,073	1,877,310	1,701,821	1,729,333	1,963,496	2,193,639
General government.....					16,228	22,348	51,918			
Grant programs.....	167,226	224,418	69,256	210,138	40,216	61,789	82,460			
Public safety.....	28,236	25,076	21,975	50,702	62,109	110,505	87,883			
Public works.....										
Education.....	171,937	132,147	81,604	74,143	142,268	99,547	59,809			
Unrestricted.....	(29,130,547)	(24,899,555)	(32,618,468)	(20,675,727)	(14,803,563)	(8,086,441)	(7,633,521)	(30,438)	15,914,574	26,928,603
TOTAL NET POSITION.....	\$ 27,553,566	\$ 31,736,991	\$ 22,091,040	\$ 32,364,340	\$ 35,935,333	\$ 38,562,097	\$ 30,446,812	\$ 38,589,492	\$ 55,494,787	\$ 61,807,932

(1) Net position components restated from fiscal year 2010.

TABLE 2

## TOWN OF EAST HAVEN, CONNECTICUT

CHANGES IN NET POSITION  
LAST TEN YEARS  
(UNAUDITED)

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
EXPENSES:										
Governmental activities:										
General government.....	\$ 4,573,742	\$ 4,487,048	\$ 4,569,185	\$ 5,554,632	\$ 5,239,574	\$ 5,646,738	\$ 5,905,126	\$ 7,585,922	\$ 5,517,911	\$ 5,501,604
Public safety.....	20,167,431	19,419,729	20,060,343	21,286,890	19,531,501	14,694,490	13,668,386	13,860,530	14,949,291	12,710,019
Public works.....	9,284,044	8,361,845	8,836,442	9,403,321	9,957,576	9,312,188	10,402,985	9,799,512	8,709,675	8,281,435
Culture and recreation.....	2,514,190	2,531,765	2,419,910	2,480,332	2,538,126	2,707,752	2,670,130	2,969,521	2,506,521	2,389,974
Health and welfare.....	1,486,625	1,302,182	1,662,460	1,963,182	1,988,889	2,736,590	2,433,413	2,510,330	1,487,119	1,553,644
Education.....	65,203,368	60,805,829	62,587,934	57,965,388	58,978,842	55,340,891	57,924,242	57,168,425	59,780,686	48,310,573
Interest expense.....	1,158,231	1,467,224	1,752,349	1,812,284	2,124,579	2,201,822	2,450,938	2,163,201	2,451,064	2,459,162
TOTAL EXPENSES.....	104,387,631	98,375,622	101,888,623	100,466,029	100,359,087	92,640,471	95,455,220	96,057,441	95,402,267	81,206,411
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government.....	493,847	501,595	404,022	819,450	799,212	981,806	994,031	1,005,818	1,145,877	1,800,808
Public safety.....	768,586	855,473	556,395	597,263	715,801	651,684	864,981	717,495	784,725	762,533
Public works.....	299,185	265,860	256,565	253,482	211,734	164,944	174,740	177,137	266,067	339,911
Culture and recreation.....	497,181	497,191	495,828	439,414	443,601	599,630	563,289	554,137	500,184	527,920
Health and welfare.....	298,403	246,843	323,616	222,330	223,679	292,526	327,637	239,590	214,861	217,931
Education.....	1,116,049	1,244,761	2,465,337	1,699,666	1,661,315	1,677,875	1,817,360	709,799	848,760	858,575
Operating grants and contributions.....	30,819,650	29,716,676	30,937,361	28,911,829	29,707,082	26,793,155	27,083,953	27,325,227	33,285,847	23,416,379
Capital grants and contributions.....	331,519	331,519	639,485	789,422	1,178,046	4,791,019	1,924,549	508,202	462,595	560,949
TOTAL PROGRAM REVENUES.....	34,624,420	33,659,918	36,078,609	33,732,856	34,940,470	35,952,639	33,750,540	31,237,405	37,508,916	28,485,006
NET REVENUE (EXPENSES).....	(69,763,211)	(64,715,704)	(65,804,611)	(66,733,173)	(65,418,617)	(56,687,832)	(61,704,680)	(64,820,036)	(57,893,351)	(52,721,405)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Property taxes.....	64,515,021	64,585,031	62,223,623	61,295,638	61,176,525	61,534,772	51,739,961	50,750,056	49,901,476	47,962,038
Grants and contributions not restricted to specific programs.....	897,510	1,039,493	990,995	1,180,008	1,262,527	924,343	956,185	1,671,362	1,203,035	1,442,446
Investment income.....	43,120	147,232	313,667	237,361	96,601	378,759	270,295	(316,533)	407,672	1,217,950
Gain on sale of assets.....						1,672,168				
Miscellaneous.....	124,135	129,870	186,932	449,173	256,200	293,075	595,559	1,022,800	68,023	48,256
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION.....	65,579,786	65,901,626	63,715,217	63,162,180	62,791,853	64,803,117	53,562,000	53,127,685	51,580,206	50,670,690
CHANGE IN NET POSITION.....	\$ (4,183,425)	\$ 1,185,922	\$ (2,089,394)	\$ (3,570,993)	\$ (2,626,764)	\$ 8,115,285	\$ (8,142,680)	\$ (11,692,351)	\$ (6,313,145)	\$ (2,050,715)

TOWN OF EAST HAVEN, CONNECTICUTSCHEDULE OF DEBT LIMITATION  
JUNE 30, 2016  
(UNAUDITED)

Total tax collections (including interest and lien fees) for current year.....	\$ 63,383,310
Reimbursement for revenue loss on:	
Tax relief for elderly freeze.....	4,000
BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$ 63,387,310</u>

	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
DEBT LIMITATION:					
2 1/4 times base.....	\$ 142,621,448	\$	\$	\$	\$
4 1/2 times base.....		285,242,895			
3 3/4 times base.....			237,702,413		
3 1/4 times base.....				206,008,758	
3 times base.....					190,161,930
TOTAL DEBT LIMITATION.....	<u>142,621,448</u>	<u>285,242,895</u>	<u>237,702,413</u>	<u>206,008,758</u>	<u>190,161,930</u>
INDEBTEDNESS:					
Bonds payable.....	20,232,412	6,112,588	-		
Bond anticipation notes.....	2,500,000				
Less: School building grants.....		(2,019,397)			
NET INDEBTEDNESS (1).....	<u>22,732,412</u>	<u>4,093,191</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT	<u>\$ 119,889,036</u>	<u>\$ 281,149,704</u>	<u>\$ 237,702,413</u>	<u>\$ 206,008,758</u>	<u>\$ 190,161,930</u>

(1) The total of the above net indebtedness amounts to: \$ 26,825,603

In no event shall total indebtedness exceed seven times the base for debt limitation computation. \$ 443,711,170

(2) There is no overlapping debt for the Town of East Haven.