

Annual Financial Report
of the
Town of East Haven, Connecticut
Year Ended June 30, 2015

TOWN OF EAST HAVEN, CONNECTICUT

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TOWN OF EAST HAVEN, CONNECTICUT

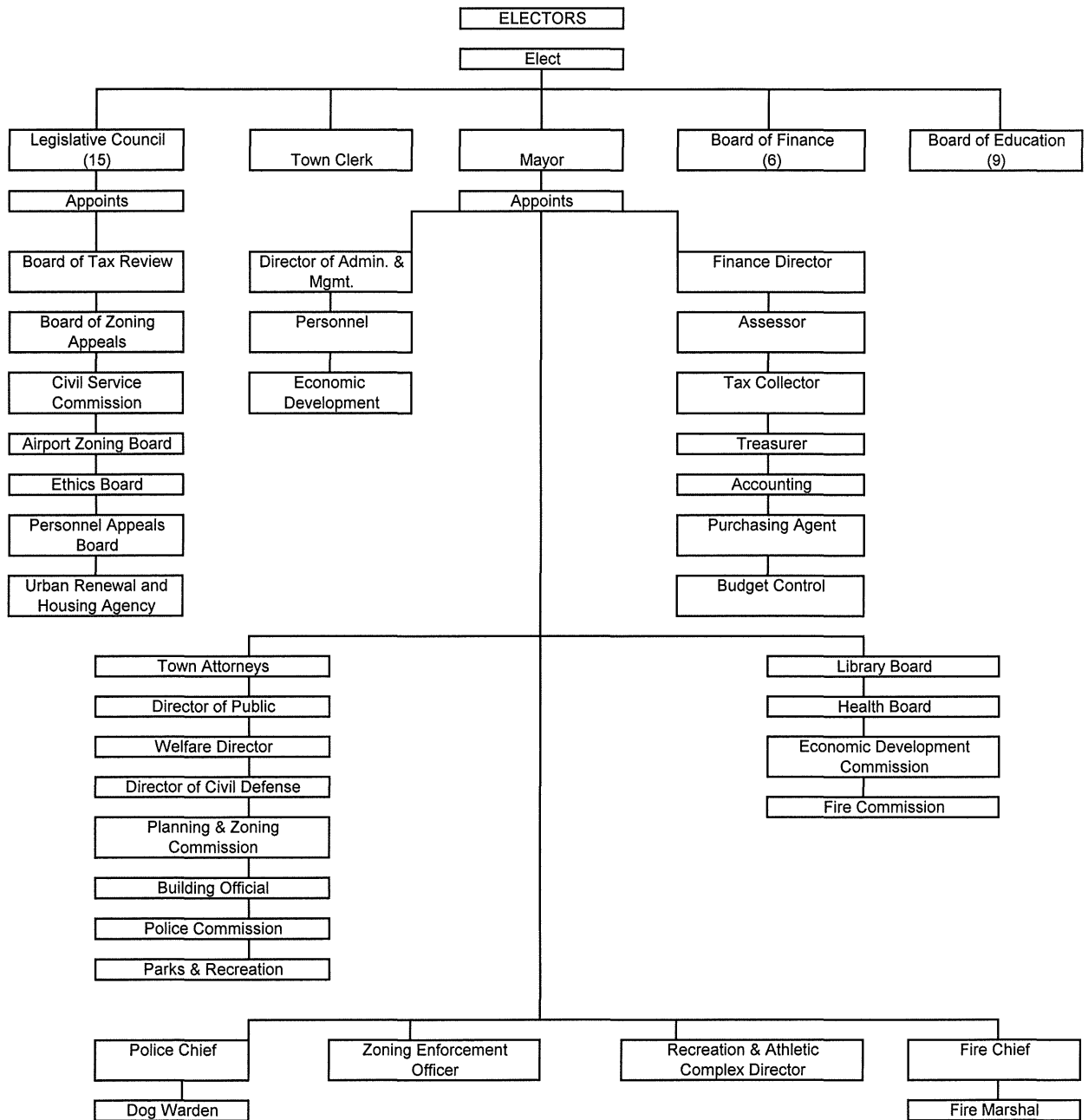
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Introductory Section

TOWN OF EAST HAVEN, CONNECTICUT

ORGANIZATIONAL CHART



Financial Section

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, 2015, 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, 2015, 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, pension and the other post-employment benefit 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 29, 2015, 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 29, 2015



FINANCE DEPARTMENT

PAUL S. RIZZA

Director of Finance

Management's Discussion and Analysis Year Ended June 30, 2015

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, 2015.

Financial Highlights

- During the fiscal year, the Town implemented GASB 68 related to pensions. GASB 68 required that the net pension liability be recorded on the government-wide financial statements. The result of implementing GASB 68 was a prior period adjustment as of July 1, 2014 to record the net pension liability and related deferred outflows of resources of \$8,183,906. The current year pension expense was \$1,930,982 and the net pension liability at June 30, 2015 was \$7,003,601.
- On a government-wide basis, the Town's net position increased by \$1,185,922 for the fiscal year. Positive operations of the general fund of \$1,298,862, self-insurance fund \$727,237 and workers' compensation fund \$1,160,152 were offset by decreases in the capital projects fund of \$2,128,561 and an increase in the other post-employment liability of \$3,070,625.
- The Town's net position totaled \$23,276,962 at June 30, 2015. Of this amount, unrestricted net position was a deficit balance of \$(33,359,584). This deficit was increased during the year by the increase in the other post-employment benefit liability.
- At year end, the unassigned fund balance for the general fund was \$3,850,838, an increase of \$1,298,862 from the prior year. The unassigned fund balance represents 4.30% of total budgetary expenditures and transfers out.
- The Town's total long-term debt decreased by \$6,610,000. The decrease was due to the refunding bond of \$6,890,000 issued during the year and 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)

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 \$23,276,962 at the close of the fiscal year (after the restatement for the net pension liability).

	<u>Summary Statement of Net Position</u>	
	<u>2015</u>	<u>2014</u> <u>(as restated)</u>
Current and other assets	\$ 27,400,800	\$ 27,442,855
Capital assets (net)	87,669,601	89,952,149
Total assets	115,070,401	117,395,004
Deferred outflows of resources	2,567,016	2,769,432
Current liabilities	20,044,357	21,023,130
Long-term liabilities	70,067,593	76,624,662
Total liabilities	90,111,950	97,647,792
Deferred inflows of resources	4,248,505	425,604
Net investment in capital assets	54,538,832	52,762,397
Restricted	2,097,714	1,947,111
Unrestricted	(33,359,584)	(32,618,468)
Total net position	\$ 23,276,962	\$ 22,091,040

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 \$2,097,714. The remaining balance of unrestricted net position is a deficit balance in the amount of \$(33,359,584)

Governmental activities. Already noted was the statement of activities' purpose in presenting information in how the Town's net position changed during the most recent fiscal year. The Town's net position increased by \$1,185,922 for the fiscal year. This was generated by positive operations of the general fund of \$1,298,862, self-insurance fund \$727,237 and workers' compensation fund \$1,160,152 and offset by decreases in the capital projects fund as well as increases in the other post-employment liability of \$3,070,625.

	Statement of Changes in Net Position	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 3,611,723	\$ 4,501,763
Operating grants and contributions	29,716,676	30,942,764
Capital grants and contributions	331,519	639,485
General revenues:		
Property taxes	64,585,031	62,223,623
Grants and contributions not restricted to specific programs	1,039,493	990,995
Investment income (loss)	147,232	313,667
Miscellaneous	129,870	186,932
Total revenues	99,561,544	99,799,229

	Statement of Changes in Net Position	
	2015	2014
Expenses:		
General government	\$ 4,487,048	\$ 4,569,185
Public safety	19,419,729	20,060,343
Public works	8,361,845	8,836,442
Culture and recreation	2,531,765	2,419,910
Health and welfare	1,302,182	1,662,460
Education	60,805,829	62,587,934
Interest expense	1,467,224	1,752,349
Total expenses	98,375,622	101,888,623
Change in net position	1,185,922	(2,089,394)
Net Position - July 1 (as restated)	22,091,040	32,364,340
Restatement for net pension liability	-	(8,183,906)
Net Position - June 30	\$ 23,276,962	\$ 22,091,040

Governmental Activities - Revenues

The significant changes in revenues for governmental activities for the fiscal year ended June 30, 2015 were as follows:

- Operating grants and contributions decreased by \$1,220,088 due to decreases in the LOCIP, Town Aid Road, Maple Street Bridge grants, High Quality Schools and Excess Cost grants. There was also a decrease in the on-behalf payments for teacher pensions. These decreases were offset by increases in the ECS Alliance and Medicaid grants.
- Charges for services for Education decreased by \$1,220,576 as a result of a decrease in the number of towns participating in the Pathways program.

Governmental Activities - Expenses

The significant changes in expenses for governmental activities for the fiscal year ended June 30, 2015 were as follows:

- Public safety expense decreased by \$640,614 due to changes in the estimates for legal claims.
- Education expense decreased by \$1,782,105 due to a lower on-behalf amount for teacher pensions, a decrease in rent expense for the Pathways program as well as a decrease in the pension liability. The increases were offset by an increase in the other post-employment benefit liability and related expense.

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, 2015 is \$5,055,953. This amount is comprised of the following components: (1) nonspendable reserve for endowments in the amount of \$100,000, (2) restricted amounts totaling \$1,997,714, (3) committed amounts of \$828,300, (4) assigned amounts totaling \$448,144 and (5) unassigned of \$1,681,795.

General Fund

The general fund is the operating fund of the Town. The fund balance of the general fund increased by \$1,298,862 for the fiscal year. This increase is mainly due to the following factors:

- Intergovernmental revenues were less than budgeted by \$1,169,559 mainly due to the ECS Alliance grant being recorded in the Education Grants fund.
- Charges for services was in excess of the amount budgeted by \$417,798 mainly due to police special assignments revenue that was more than budgeted due to additional projects in roads, bridges, etc. during the year as well as performing this work with Town police officers rather than subcontracting the work to other Towns.
- The Town budgeted \$900,000 to increase fund balance.
- Employee benefits were underspent 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.
- Debt service was under spent by \$113,386 due to the Town issuing refunding bonds during the year.

Capital Projects Fund

This fund's net change in fund balance was a decrease of \$2,128,561 for the fiscal year, resulting in a deficit fund balance at the end of the year of \$1,900,334. The decrease was a result of expenses related to the public safety command center as well as continued expenses for the police department in meeting its requirements in relation to the Department of Justice settlement that had been funded in the prior year.

Capital Assets and Debt Administration

At June 30, 2015, the Town of East Haven's investment in capital assets was \$87,669,601 (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 activity during the year was the dispatch center, school security, and the purchase of public works vehicles and public safety vehicles and equipment.

These additions were offset by depreciation expense of \$4,098,887, resulting in the net decrease of \$2,282,548.

	Capital Assets - Net	
	2015	2014
Land	\$ 3,497,216	\$ 3,497,216
Construction in progress	2,319,832	5,520,871
Land improvements	2,589,145	2,719,889
Buildings	41,362,720	42,343,526
Building improvements	5,523,078	6,352,506
Machinery and equipment	2,293,147	1,678,952
Vehicles	1,830,426	1,775,344
Infrastructure	28,254,037	26,063,845
Total	<u>\$ 87,669,601</u>	<u>\$ 89,952,149</u>

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

Long-term Debt

For the year ended June 30, 2015, the Town's long-term debt decreased by \$6,610,000. The decrease is the net effect of the following items:

- Issuance of a refunding bond of \$6,890,000 and the resulting payoff of \$7,720,000 of bonds.
- Scheduled principal payments of \$5,780,000.

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$30,875,000. Of this amount, \$3,449,526 will be funded from state grants, resulting in net outstanding debt in the amount of \$28,925,474, which is backed by the full faith and credit of the Town of East Haven.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

OUTSTANDING LONG-TERM DEBT

	2015	2014
General purpose bonds	\$ 22,204,108	\$ 24,578,234
School bonds	8,310,892	12,186,766
Sewer	360,000	720,000
Bond anticipation notes	1,500,000	-
Total	<u>\$ 32,375,000</u>	<u>\$ 37,485,000</u>

The Town maintains an "A3" rating from Moody's for general obligation debt.

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 \$441,421,169, 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 5.5%, which is a decrease from a rate of 6.6% a year ago. This is higher than the national average of 5.2%. The Town's unemployment rate at June 30, 2015 was 6.3%.

Town officials considered many factors when setting the fiscal year 2015 budget. The Town decided that it was important to adopt a budget designed to promote long-term fiscal stability. This included an appropriation of \$900,000 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 2016 general fund budget is \$89,097,555, a decrease of 0.60% 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.

Basic Financial Statements

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 8,352,265
Investments.....	8,464,700
Receivables:	
Property taxes.....	1,565,920
Intergovernmental.....	2,348,710
Other.....	776,279
Other.....	165,090
Total current assets.....	21,672,964
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash.....	33,807
Investments.....	1,582,266
Permanently restricted:	
Investments.....	100,000
Total restricted assets.....	1,716,073
Receivables (net):	
Property taxes.....	1,893,526
Intergovernmental.....	2,118,237
Total receivables (net).....	4,011,763
Capital assets (net of accumulated depreciation):	
Land.....	3,497,216
Construction in progress.....	2,319,832
Land improvements.....	2,589,145
Buildings.....	41,362,720
Building improvements.....	5,523,078
Machinery and equipment.....	2,293,147
Vehicles.....	1,830,426
Infrastructure.....	28,254,037
Total capital assets (net of accumulated depreciation).....	87,669,601
Total noncurrent assets.....	93,397,437
TOTAL ASSETS.....	115,070,401
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension related.....	2,567,016

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF NET POSITION

GOVERNMENTAL ACTIVITIES

JUNE 30, 2015

LIABILITIES

Current liabilities:

Accounts payable.....	\$ 2,479,499
Accrued payroll.....	4,664,193
Accrued interest payable.....	539,491
Unearned revenue.....	29,432
Other liabilities.....	232,600
Bond anticipation notes.....	1,500,000
Bonds and notes payable.....	4,530,000
Capital lease payable.....	251,656
Compensated absences.....	1,415,817
Claims and judgments.....	4,401,669

Total current liabilities.....	<u>20,044,357</u>
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Noncurrent liabilities:

Bonds and related liabilities.....	26,802,923
Capital lease payable.....	253,655
Compensated absences.....	5,663,267
Net pension liability.....	7,003,601
Net OPEB obligations.....	16,257,226
Claims and judgments.....	14,086,921

Total noncurrent liabilities.....	<u>70,067,593</u>
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TOTAL LIABILITIES.....	<u>90,111,950</u>
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DEFERRED INFLOWS OF RESOURCES

Advance property tax collections.....	722,207
Deferred charge on refunding.....	629,493
Pension related.....	2,896,805

TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>4,248,505</u>
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NET POSITION

Net investment in capital assets.....	54,538,832
Restricted for:	
Endowments:	
Nonexpendable.....	100,000
Expendable.....	1,616,073
Grant programs.....	224,418
Public safety.....	25,076
Education.....	132,147
Unrestricted.....	(33,359,584)

TOTAL NET POSITION.....	<u>\$ 23,276,962</u>
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See Notes to Financial Statements.

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2015

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.....	\$ 4,487,048	\$ 501,595	\$ 7,500	\$	\$ (3,977,953)
Public safety.....	19,419,729	855,473	85,539		(18,478,717)
Public works.....	8,361,845	265,860	610,316		(7,485,669)
Culture and recreation.....	2,531,765	497,191	27,156		(2,007,418)
Health and welfare.....	1,302,182	246,843	255,296		(800,043)
Education.....	60,805,829	1,244,761	28,730,869	331,519	(30,498,680)
Interest expense.....	1,467,224				(1,467,224)
TOTAL.....	\$ 98,375,622	\$ 3,611,723	\$ 29,716,676	\$ 331,519	\$ (64,715,704)
GENERAL REVENUES:					
Property taxes.....					\$ 64,585,031
Grants and contributions not restricted to specific programs.....					1,039,493
Investment income.....					147,232
Miscellaneous.....					129,870
TOTAL GENERAL REVENUES					65,901,626
CHANGE IN NET POSITION.....					1,185,922
NET POSITION, JULY 1, 2014 (AS RESTATED).....					22,091,040
NET POSITION, JUNE 30, 2015.....					\$ 23,276,962

TOWN OF EAST HAVEN, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	GENERAL FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash.....	\$ 5,978,184	\$	\$ 1,834,199	\$ 7,812,383
Investments.....	7,899,016		1,923,391	9,822,407
Receivables:				
Property taxes.....	3,253,607			3,253,607
Intergovernmental	11,455	162,659	627,414	801,528
Other.....	578,135		2,073	580,208
Due from other funds.....	3,260,211	1,320,126	602,369	5,182,706
Other.....			28,436	28,436
TOTAL ASSETS.....	\$ 20,980,608	\$ 1,482,785	\$ 5,017,882	\$ 27,481,275
<u>LIABILITIES</u>				
Accounts payable.....	\$ 1,485,108	\$ 181,676	\$ 812,715	\$ 2,479,499
Accrued payroll.....	4,332,555		331,638	4,664,193
Due to other funds.....	7,434,542	1,701,443	738,648	9,874,633
Unearned revenue.....			29,432	29,432
Other liabilities.....	232,600			232,600
Bond anticipation notes.....		1,500,000		1,500,000
TOTAL LIABILITIES.....	13,484,805	3,383,119	1,912,433	18,780,357
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes.....	2,922,758			2,922,758
Advance property tax collections.....	722,207			722,207
TOTAL DEFERRED INFLOWS OF RESOURCES...	3,644,965	-	-	3,644,965
<u>FUND BALANCES</u>				
Nonspendable.....			100,000	100,000
Restricted.....			1,997,714	1,997,714
Committed.....			828,300	828,300
Assigned.....			448,144	448,144
Unassigned.....	3,850,838	(1,900,334)	(268,709)	1,681,795
TOTAL FUND BALANCES.....	3,850,838	(1,900,334)	3,105,449	5,055,953
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 20,980,608	\$ 1,482,785	\$ 5,017,882	\$ 27,481,275

(Continued)

TOWN OF EAST HAVEN, CONNECTICUTRECONCILIATION OF FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION
(EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET.
THE DETAILS OF THIS DIFFERENCE ARE AS FOLLOWS:

TOTAL FUND BALANCES (EXHIBIT C, PAGE 1).....	\$	5,055,953
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES
AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning net capital assets.....	89,952,149
Capital asset additions (net of construction in progress).....	1,816,339
Depreciation expense.....	(4,098,887)

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.....	3,665,419
Property tax interest and lien accrual.....	1,790,839
Allowance for doubtful accounts.....	(1,585,000)
Deferred outflows related to pensions.....	2,567,016

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.....	2,922,758
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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.....	(12,532,722)
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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.....	(30,875,000)
Premiums.....	(457,923)
Capital leases.....	(505,311)
Compensated absences.....	(7,079,084)
Net OPEB obligations.....	(16,257,226)
Net pension liability.....	(7,003,601)
Claims and judgments.....	(32,968)
Deferred charge on refunding.....	(629,493)
Deferred inflows related to pensions.....	(2,896,805)
Accrued interest payable.....	(539,491)

NET POSITION OF GOVERNMENTAL ACTIVITIES.....	\$	23,276,962
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(Concluded)

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	GENERAL FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes.....	\$ 64,161,304	\$	\$	\$ 64,161,304
Charges for services.....	2,116,598		1,495,125	3,611,723
Intergovernmental.....	25,756,092		6,912,711	32,668,803
Investment income.....	20,894		146,646	167,540
Change in fair value of investments.....			(21,542)	(21,542)
Contributions.....			30,015	30,015
Other.....	644,473	7,070	2,881	654,424
TOTAL REVENUES.....	92,699,361	7,070	8,565,836	101,272,267
EXPENDITURES:				
Current:				
General government.....	2,528,352		45,519	2,573,871
Public safety.....	11,168,583	482,521	101,508	11,752,612
Public works.....	5,063,580		387,719	5,451,299
Culture and recreation.....	1,778,635		295,685	2,074,320
Health and welfare.....	927,309		110,902	1,038,211
Employee benefits and insurance.....	11,119,309			11,119,309
Education.....	50,447,708	268,081	6,926,440	57,642,229
General services.....	1,643,858			1,643,858
Debt service.....	6,784,455	158,013	384,660	7,327,128
Capital outlay.....		1,663,266	166,509	1,829,775
TOTAL EXPENDITURES.....	91,461,789	2,571,881	8,418,942	102,452,612
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,237,572	(2,564,811)	146,894	(1,180,345)
OTHER FINANCING SOURCES (USES):				
Issuance of refunding bonds.....		6,890,000		6,890,000
Payments to bond escrow agents.....		(7,833,920)		(7,833,920)
Capital lease.....		268,081		268,081
Bond premium.....		1,120,967		1,120,967
Transfers in.....	61,290		74,885	136,175
Transfers out.....		(8,878)	(127,297)	(136,175)
NET OTHER FINANCING SOURCES (USES).....	61,290	436,250	(52,412)	445,128
NET CHANGE IN FUND BALANCES.....	1,298,862	(2,128,561)	94,482	(735,217)
FUND BALANCE, JULY 1, 2014.....	2,551,976	228,227	3,010,967	5,791,170
FUND BALANCE, JUNE 30, 2015.....	\$ 3,850,838	\$ (1,900,334)	\$ 3,105,449	\$ 5,055,953

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, 2015

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ (735,217)

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.....	1,816,339
Depreciation expense.....	(4,098,887)
Total	(2,282,548)

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.....	(1,611,130)
Change in property tax receivable - accrual basis change.....	256,166
Change in property tax interest and lien revenue.....	167,561
Total	(1,187,403)

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:	
Issuance of refunding bonds.....	(6,890,000)
Premiums.....	(113,716)
Capital lease.....	(268,081)
Deferred charge on refunding.....	(830,000)
Principal repayments:	
General obligation bonds.....	5,780,000
General obligation refunding bonds.....	7,720,000
Capital lease.....	262,000
Total	5,660,203

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.....	(65,988)
Premiums.....	23,436
Claims and judgments.....	32,974
Compensated absences.....	79,938
Net OPEB expense.....	(3,070,625)
Pension expense.....	850,516
Accrued interest payable.....	59,125
Total	(2,090,624)

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.....	1,821,511
CHANGE IN NET POSITION (EXHIBIT B)	\$ 1,185,922

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 64,199,616	\$ 64,199,616	\$ 64,161,304	\$ (38,312)
Intergovernmental.....	22,888,300	22,888,300	21,718,741	(1,169,559)
Investment income.....	24,500	24,500	20,894	(3,606)
Charges for services.....	1,698,800	1,698,800	2,116,598	417,798
Other.....	824,658	824,658	644,473	(180,185)
TOTAL REVENUES.....	89,635,874	89,635,874	88,662,010	(973,864)
EXPENDITURES:				
Current:				
General government.....	3,594,050	3,616,764	2,528,352	1,088,412
Public safety.....	11,051,255	11,358,834	11,168,583	190,251
Highways and engineering.....	2,315,190	2,315,190	2,258,845	56,345
Sanitation and maintenance.....	2,735,865	2,824,147	2,804,735	19,412
Health and welfare.....	990,401	996,826	927,309	69,517
Culture and recreation.....	1,771,440	1,795,436	1,778,635	16,801
Employee benefits and insurance.....	11,753,475	11,753,475	11,119,309	634,166
Education.....	46,410,357	46,410,357	46,410,357	-
General services.....	2,116,000	1,667,004	1,643,858	23,146
Debt service.....	6,897,841	6,897,841	6,784,455	113,386
TOTAL EXPENDITURES.....	89,635,874	89,635,874	87,424,438	2,211,436
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	-	-	1,237,572	1,237,572
OTHER FINANCING SOURCES:				
Transfers in.....			61,290	61,290
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	1,298,862	\$ 1,298,862
FUND BALANCE - JULY 1, 2014.....			2,551,976	
FUND BALANCE - JUNE 30, 2015.....			\$ 3,850,838	

See Notes to Financial Statements.

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015ASSETS

Current assets:

Cash.....	\$ 573,689
Investments.....	324,559
Accounts receivable.....	196,071
Due from other funds.....	5,525,640
Other asset.....	136,654

TOTAL ASSETS.....	<u>6,756,613</u>
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LIABILITIES

Current liabilities:

Claims and judgments payable.....	4,368,701
Due to other funds.....	<u>833,713</u>

Total current liabilities.....	5,202,414
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Noncurrent liability:

Claims and judgments payable.....	<u>14,086,921</u>
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TOTAL LIABILITIES.....	<u>19,289,335</u>
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NET POSITION

Unrestricted.....	<u>\$ (12,532,722)</u>
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TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

OPERATING REVENUES:	
Charges for services.....	<u>\$ 17,382,640</u>
OPERATING EXPENSES:	
Claims.....	14,207,486
Administration.....	<u>1,875,759</u>
TOTAL OPERATING EXPENSES.....	<u>16,083,245</u>
OPERATING INCOME (LOSS).....	<u>1,299,395</u>
NONOPERATING REVENUES:	
Investment income.....	1,234
Insurance reimbursement.....	<u>520,882</u>
TOTAL NONOPERATING REVENUES.....	<u>522,116</u>
CHANGE IN NET POSITION.....	1,821,511
TOTAL NET POSITION - JULY 1, 2014.....	<u>(14,354,233)</u>
TOTAL NET POSITION - JUNE 30, 2015.....	<u><u>\$ (12,532,722)</u></u>

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Premiums received.....	\$ 16,207,256
Payments to vendors.....	(1,875,759)
Payments for claims.....	<u>(15,265,979)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	(934,482)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Income (loss) on investments.....	1,234
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Insurance reimbursement.....	<u>520,882</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(412,366)
CASH AND CASH EQUIVALENTS - JULY 1, 2014.....	<u>1,310,614</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2015.....	<u><u>\$ 898,248</u></u>
RECONCILIATION TO STATEMENT OF NET POSITION CASH:	
Cash and cash equivalents per above.....	\$ 898,248
Cash and cash equivalents reported as investments.....	<u>(324,559)</u>
STATEMENT OF NET POSITION CASH.....	<u><u>\$ 573,689</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating income (loss).....	\$ 1,299,395
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Accounts receivable.....	(75,960)
Due from other funds.....	(1,099,424)
Other asset.....	19,561
Increase (decrease) in:	
Claims and judgments payable.....	<u>(1,078,054)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	<u><u>\$ (934,482)</u></u>

See Notes to Financial Statements.

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	PRIVATE- PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
Cash.....	\$ 28,805	\$ 127,394
Investments.....	69,647	27,172
TOTAL ASSETS.....	98,452	154,566
<u>LIABILITY</u>		
LIABILITY:		
Accounts payable.....		154,566
<u>NET POSITION</u>		
Held in trust for individuals.....	98,452	
NET POSITION HELD IN TRUST.....	\$ 98,452	\$ -

See Notes to Financial Statements.

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

	PRIVATE- PURPOSE TRUST FUNDS
ADDITIONS:	
Contributions.....	\$ 26,630
Investment income (loss):	
Interest and dividends.....	<u>70</u>
TOTAL ADDITIONS.....	26,700
DEDUCTIONS:	
Scholarships awarded.....	<u>1,000</u>
CHANGE IN NET POSITION.....	25,700
TOTAL NET POSITION, JULY 1, 2014.....	<u>72,752</u>
TOTAL NET POSITION, JUNE 30, 2015.....	<u><u>\$ 98,452</u></u>

TOWN OF EAST HAVEN, CONNECTICUT**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

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)

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)

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)

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 18 to 56% 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. This deferred outflow will be recognized in the following year.

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)

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 in the difference in the carrying value of refinanced debt and its reacquisition price. A deferred inflow related to pensions is reported for the net difference between projected and actual earnings on pension plan investments. This deferred inflow will be amortized over a five year period.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from 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)

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)

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)

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 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, 2015	\$ 88,662,010	\$ 87,424,438
State Teachers' Retirement on-behalf amount.....	<u>4,037,351</u>	<u>4,037,351</u>
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2015	<u>\$ 92,699,361</u>	<u>\$ 91,461,789</u>

C. Donor-Restricted Endowments

The Town has received certain endowments for the Hagaman 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. At June 30, 2015, the amount of appreciation (depreciation) included in restricted fund balance for the Hagaman Memorial Library was \$96,301.

D. Deficit Fund Balances/Net Position

The following funds had deficit fund balances/net position at June 30, 2015:

Daycare	\$ 39,314
School lunch.....	229,395
Self-insurance reserve	6,335,608
Workers' compensation.....	9,191,823

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

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. As of June 30, 2015, \$11,339,381 of the Town's bank balance of \$12,607,999 including certificates of deposits and money market accounts, was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,128,492
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,210,889</u>
Total amount subject to custodial credit risk.....	<u>\$ 11,339,381</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.

At June 30, 2015, 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	\$ 25,232	\$	\$ 25,232	\$
Equity	538,077	538,077		
International equity	269,197	269,197		
Bond	136,511			136,511
International bond	12,043			12,043
Real estate investment trust	71,329	71,329		
Hedge fund	158,997	158,997		
Commodities	51,858	51,858		
Certificates of deposit	336,915		319,202	17,713
Bank money market funds	2,841,437		2,841,437	
Equities	1,029	1,029		
Pooled fixed income	5,801,160		5,801,160	
TOTAL	<u>\$ 10,243,785</u>	<u>\$1,090,487</u>	<u>\$8,987,031</u>	<u>\$ 166,267</u>

The of pooled fixed income investment was invested in 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	BOND MUTUAL FUNDS	INTERNATIONAL BOND MUTUAL FUNDS	POOLED FIXED INCOME
AAA.....	\$ 25,232	\$	\$	\$ 5,801,160
AA		136,511	602	
BBB			963	
BB			5,781	
B.....			3,854	
CCC			843	
TOTAL	<u>\$ 25,232</u>	<u>\$ 136,511</u>	<u>\$ 12,043</u>	<u>\$ 5,801,160</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, 2015.

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 as of June 30, 2015, including the applicable allowances for uncollectible accounts, are presented below:

	Taxes	Property Taxes Interest & Lien fees	Total
Current Portion.....	<u>\$ 1,233,768</u>	<u>\$ 332,152</u>	<u>\$ 1,565,920</u>
Long-term Portion	<u>\$ 2,019,839</u>	<u>\$ 1,458,687</u>	<u>\$ 3,478,526</u>
Less Allowance for Uncollectibles ...	<u>(585,000)</u>	<u>(1,000,000)</u>	<u>(1,585,000)</u>
Net Long-term Portion.....	<u>\$ 1,434,839</u>	<u>\$ 458,687</u>	<u>\$ 1,893,526</u>
Total Receivable.....	<u>\$ 2,668,607</u>	<u>\$ 790,839</u>	<u>\$ 3,459,446</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, 2014	INCREASES	DECREASES	BALANCE JUNE 30, 2015
<u>Capital Assets, not Being Depreciated:</u>				
Land	\$ 3,497,216	\$	\$	\$ 3,497,216
Construction in progress	5,520,871	390,437	3,591,476	2,319,832
Total Capital Assets, not Being Depreciated	9,018,087	390,437	3,591,476	5,817,048
<u>Capital Assets, Being Depreciated:</u>				
Land improvements	4,623,994	68,651		4,692,645
Buildings	62,712,818			62,712,818
Building improvements	11,939,468	745,002		12,684,470
Machinery and equipment	5,376,740	908,378		6,285,118
Vehicles	4,505,838	535,364		5,041,202
Infrastructure	36,919,321	2,759,983		39,679,304
Total Capital Assets, Being Depreciated	126,078,179	5,017,378	-	131,095,557
Total Capital Assets	135,096,266	5,407,815	3,591,476	136,912,605
<u>Less Accumulated Depreciation for:</u>				
Land improvements	1,904,105	199,395		2,103,500
Buildings	20,369,292	980,806		21,350,098
Building improvements	5,586,962	1,574,430		7,161,392
Machinery and equipment	3,697,788	294,183		3,991,971
Vehicles	2,730,494	480,282		3,210,776
Infrastructure	10,855,476	569,791		11,425,267
Total Accumulated Depreciation	45,144,117	4,098,887	-	49,243,004
Total Capital Assets, Being Depreciated, net	80,934,062	918,491	-	81,852,533
Capital Assets, net	\$ 89,952,149	\$ 1,308,928	\$ 3,591,476	\$ 87,669,601

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

General government	\$ 104,165
Public safety	572,767
Public works	728,693
Culture and recreation	123,712
Health and welfare	2,829
Education	2,566,721
Total Depreciation Expense	\$ 4,098,887

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:

	CORRESPONDING		
	<u>FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<u>MAJOR FUNDS:</u>			
GENERAL FUND:			
Capital projects	N/A	\$ 1,701,443	\$ 1,320,126
Public safety.....	N/A		29,557
Historical documents preservation.....	N/A		23,440
Economic development.....	N/A		1,380
Town pool repair.....	N/A		5,942
Open space	N/A		45,000
Marine enforcement grants	N/A		6,877
Public works state aid.....	N/A		173,286
FEMA.....	N/A	40,333	
Permanent patch fund.....	N/A		500
East Haven kennel club.....	N/A		41,034
Dog licenses	N/A		24,593
Teen center.....	N/A		5,853
Hagaman Memorial Library.....	N/A	28,953	
Health and welfare.....	N/A		137,155
Emergency management fund.....	N/A		195
Daycare.....	N/A	68,419	
High school rental.....	N/A	42,039	
Education grants.....	N/A	519,071	
LOCIP	N/A	26,240	
LOCIP Town clerk fees	N/A		93,964
Self-insurance.....	N/A	833,713	166,613
Workers' compensation	N/A		2,089,188
Medical insurance.....	N/A		3,269,839
TOTAL GENERAL FUND.....		3,260,211	7,434,542
CAPITAL PROJECTS	General Fund	1,320,126	1,701,443

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)**

	CORRESPONDING FUND	DUE FROM	DUE TO
<u>NONMAJOR GOVERNMENTAL FUNDS:</u>			
<u>SPECIAL REVENUE FUNDS:</u>			
Public safety.....	General Fund	\$ 29,557	\$
Historical documents preservation.....	General Fund	23,440	
Economic development.....	General Fund	1,380	
Town pool repair.....	General Fund	5,942	
Open space	General Fund	45,000	
Marine enforcement grants	General Fund	6,877	
Public works state aid.....	General Fund	173,286	
FEMA.....	General Fund		40,333
Permanent patch fund.....	General Fund	500	
East Haven kennel club.....	General Fund	41,034	
Dog licenses	General Fund	24,593	
Teen center.....	General Fund	5,853	
Hagaman Memorial Library.....	General Fund		28,953
Health and welfare.....	General Fund	137,155	
Emergency management fund.....	General Fund	195	
Daycare.....	General Fund		68,419
Daycare.....	Education Grants	11,288	
High school rental.....	General Fund		42,039
School lunch	Education Grants		1,428
Adult education	Education Grants	877	
Education grants.....	Adult Education		877
Education grants.....	General Fund		519,071
Education grants.....	Daycare		11,288
Education grants.....	School Lunch	1,428	
TOTAL SPECIAL REVENUE FUNDS.....		508,405	712,408
<u>CAPITAL PROJECTS FUNDS:</u>			
LOCIP	General Fund		26,240
LOCIP Town clerk fees	General Fund	93,964	
TOTAL CAPITAL PROJECT FUNDS		93,964	26,240
TOTAL NONMAJOR GOVERNMENTAL FUNDS..		602,369	738,648

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	\$ 166,613	\$ 833,713
Workers' compensation.....	General Fund	2,089,188	
Medical insurance.....	General Fund	3,269,839	
TOTAL INTERNAL SERVICE FUNDS		5,525,640	833,713
GRAND TOTAL		<u>\$ 10,708,346</u>	<u>\$ 10,708,346</u>

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>			
Public safety	n/a	\$ 264	\$
FEMA	n/a	50,055	
Senior center	n/a	12	
Road bonding 2008	n/a	2,081	
Capital projects.....	n/a	8,878	
TOTAL GENERAL FUND		61,290	-
CAPITAL PROJECTS			8,878
<u>NONMAJOR FUNDS:</u>			
<u>SPECIAL REVENUE FUNDS:</u>			
Public safety	General Fund		264
Public works state aid.....	LOCIP	67,119	
FEMA	General Fund		50,055
Senior center	General Fund		12
TOTAL SPECIAL REVENUE FUNDS....		67,119	50,331

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

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

2. Interfund Transfers (Continued)

A summary of interfund transfers for the year ended June 30, 2015 is as follows:

	<u>CORRESPONDING FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
Road bonding 2008	General Fund	\$	\$ 2,081
Land acquisition	LOCIP	7,766	
	Public Works		
LOCIP	State Aid		67,119
LOCIP	Land Acquisition		7,766
TOTAL CAPITAL PROJECT FUNDS		<u>7,766</u>	<u>76,966</u>
TOTAL NON MAJOR FUNDS.....		<u>74,885</u>	<u>127,297</u>
GRAND TOTAL.....		<u>\$ 136,175</u>	<u>\$ 136,175</u>

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

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 ended June 30, 2015 was as follows:

	<u>BALANCE JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>BALANCE JUNE 30, 2015</u>
BOND ANTICIPATION NOTES:			
Department of Justice compliance	\$ -	\$ 500,000	\$ 500,000
Public Safety Communications Center		1,000,000	1,000,000
	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

In September 2015, the Town issued \$2,500,000 of general obligation bond anticipation notes for the purpose of Department of Justice compliance and capital projects. The notes mature in September 2016 and carry an interest rate of 2.0%.

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

III. DETAILED NOTES (CONTINUED)

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, 2014 (RESTATED)	ADDITIONS	DEDUCTIONS	REFUNDED	BALANCE JUNE 30, 2015	CURRENT PORTION
BONDS/NOTES:										
General Purpose:										
Refunding Bond	\$ 4,505,600	02/15/03	2016	3.28%	\$ 306,850	\$	\$ 153,850	\$	\$ 153,000	\$ 153,000
Improvement Bond	6,031,000	08/15/05	2025	3.50-5.00%	3,811,000		340,000	3,471,000	-	
Refunding Bond	3,609,000	08/15/05	2015	3.00-4.25%	375,000		375,000		-	
Improvement Bond	3,000,000	08/24/07	2028	4.1-5.5%	2,100,000		150,000		1,950,000	150,000
Improvement Bond	6,941,000	07/22/09	2028	5.00-6.00%	6,101,000		420,000		5,681,000	420,000
Refunding Bond	3,880,000	07/28/10	2030	3.00%	2,830,000		365,000		2,465,000	360,000
Improvement Bond	3,655,000	07/28/10	2021	3.00%	3,449,384		205,616		3,243,768	205,616
Improvement Bond	1,275,000	07/26/11	2026	2.00%	1,170,000		105,000		1,065,000	105,000
Improvement Bond	4,435,000	07/17/13	2026	2.0-4.0%	4,435,000		210,000		4,225,000	300,000
Refunding Bond	3,421,340	08/05/14	2025	5.00%	-	3,421,340			3,421,340	278,080
Total General Purpose					24,578,234	3,421,340	2,324,466	3,471,000	22,204,108	1,971,696
Schools:										
Refunding Bond	25,294,000	02/15/03	2017	3.28%	4,538,150		1,771,150		2,767,000	1,762,000
School Bonds	149,000	08/15/05	2018	3.50-5.00%	39,000		10,000	29,000	-	
Refunding Bond	13,991,000	08/15/05	2019	3.00-4.25%	5,380,000		1,160,000	4,220,000	-	
School Bonds	654,000	07/22/09	2028	5.00-6.00%	574,000		40,000		534,000	40,000
School Bonds	1,500,000	07/28/10	2021	3.00%	1,415,616		84,384		1,331,232	84,384
School Bonds	270,000	07/26/11	2021	2.00%	240,000		30,000		210,000	30,000
Refunding Bond	3,468,660	08/05/14	2025	5.00%	-	3,468,660			3,468,660	281,920
Total Schools					12,186,766	3,468,660	3,095,534	4,249,000	8,310,892	2,198,304
Sewer:										
Sewer Bond	\$5,000,000	12/01/01	2016	4.2500%	720,000		360,000		360,000	360,000
TOTAL BONDS/NOTES					37,485,000	6,890,000	5,780,000	7,720,000	30,875,000	4,530,000
PREMIUMS					367,643	113,716	23,436		457,923	-
TOTAL BONDS/NOTES AND RELATED LIABILITIES					37,852,643	7,003,716	5,803,436	7,720,000	31,332,923	4,530,000
CAPITAL LEASES					499,230	268,081	262,000		505,311	251,656
COMPENSATED ABSENCES					7,159,022	2,352,135	2,432,073		7,079,084	1,415,817
NET OPEB OBLIGATIONS					13,186,601	3,070,625			16,257,226	
NET PENSION LIABILITY					10,686,843		3,683,242		7,003,601	
CLAIMS AND JUDGMENTS					65,942		32,974		32,968	32,968
RISK MANAGEMENT (INTERNAL SERVICE FUNDS)					19,533,676	14,207,486	15,285,540		18,455,622	4,368,701
TOTAL LONG-TERM OBLIGATIONS					\$ 88,983,957	\$ 26,902,043	\$ 27,499,265	\$ 7,720,000	\$ 80,666,735	\$ 10,599,142

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 and note maturities:

FISCAL YEAR ENDED JUNE 30,	AMOUNT TO BE PROVIDED BY STATE OF CT		BONDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2016	\$1,430,129	\$ 117,053	\$ 4,530,000	\$ 1,269,130
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>\$3,449,526</u>	<u>\$ 215,893</u>	<u>\$ 30,875,000</u>	<u>\$ 8,086,574</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 generally 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.....	\$ 141,885,376	\$ 23,704,108	\$ 118,181,268
Schools.....	283,770,752	4,861,366	278,909,386
Sewers	236,475,626	360,000	236,115,626
Urban renewal	204,945,543		204,945,543
Pension deficit	189,180,501		189,180,501

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, \$441,421,169.

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 \$3,449,526 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 at June 30, 2015.

YEAR ENDING <u>JUNE 30,</u>	
2016	\$ 262,000
2017	262,000
Less amount representing interest	<u>(18,689)</u>
Present value of minimum lease payments	<u>\$ 505,311</u>

3. Authorized/Unissued Bonds

At June 30, 2015, the Town had authorized and unissued bonds as follows:

	<u>AUTHORIZED/ UNISSUED BONDS</u>
General purpose.....	\$ 6,262,993
Schools.....	<u>2,846,000</u>
Total	<u>\$ 9,108,993</u>

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

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

4. Current Year Advance Refunding

In August 2014, the Town issued \$6,890,000 of general obligation refunding bonds with an interest rate of 3.0% to 5.0%. These refunding bonds were issued to advance and defease bonds issued in 2005. The refunding resulted in an economic gain of \$416,735 with a total savings of \$132,597.

5. 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. As of June 30, 2015, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$8,945,000.

G. Restricted Net Position

The amount of restricted net position, which was restricted by enabling legislation, totaled \$66,212 at June 30, 2015.

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

III. DETAILED NOTES (CONTINUED)

H. Fund Balance Classifications

As of June 30, 2015, 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			200,890	200,890
Donor purpose restrictions			1,616,073	1,616,073
Public safety programs			25,076	25,076
Historical document preservation			23,528	23,528
Education programs			132,147	132,147
Total restricted	-	-	1,997,714	1,997,714
Committed:				
Senior center			7,733	7,733
Health and welfare programs			60,373	60,373
Emergency medical service			95,255	95,255
Education programs			570,918	570,918
Approved capital projects			94,021	94,021
Total committed	-	-	828,300	828,300
Assigned:				
Recreation			58,685	58,685
Public works			500	500
Economic development			1,380	1,380
Animal control			61,853	61,853
Teen center			5,853	5,853
Library operations			71,336	71,336
Debt service			248,537	248,537
Total assigned	-	-	448,144	448,144
Unassigned	3,850,838	(1,900,334)	(268,709)	1,681,795
Total	\$ 3,850,838	\$ (1,900,334)	\$ 3,105,449	\$ 5,055,953

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.

	Claims Payable July 1,	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
Self-Insurance Fund:				
2014	\$ 5,231,000	\$ 1,594,338	\$	\$ 6,825,338
2015	6,825,338	(725,445)	106,826	5,993,067
Workers' Compensation Fund:				
2014	12,409,085	1,304,631	2,055,378	11,658,338
2015	11,658,338	1,969,762	2,205,545	11,422,555
Medical Insurance Fund:				
2014	918,000	11,761,749	11,629,749	1,050,000
2015	1,050,000	12,963,169	12,973,169	1,040,000

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

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)

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, 2015, the Town reported \$7,003,601 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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 2014 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. At June 30, 2014, the Town's proportional share was 6.26% of one sub plan and 6.40% of another sub plan. This being the first year of implementation, there was no change in the proportional share 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 year ended June 30, 2015, the Town recognized pension expense of \$1,930,982. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of outflows/inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Changes in proportional share of employer	-	-
Net difference between projected and actual earnings on pension plan investments		2,896,805
Town contributions subsequent to measurement date	2,567,016	-
Total	<u>\$ 2,567,016</u>	<u>\$ 2,896,805</u>
Net amount of deferred inflow and outflow excluding Town contributions subsequent to measurement date		<u>\$ 2,896,805</u>

The \$2,567,016 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 year ending June 30, 2016.

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

Year Ending June 30,	
2015	\$ 724,201
2016	724,201
2017	724,201
2018	724,202
Total	<u>\$ 2,896,805</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)

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 liability of the 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 liability	\$ 18,065,158	\$7,003,601	\$(2,279,268)

8. Plan Fiduciary Net Position

Detailed information about the Connecticut Municipal Employees Retirement System 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, 2014. The audited amounts as presented in the State of Connecticut Comprehensive Annual Financial Report have been adjusted by the Auditors of Public Accounts to be in accordance with the requirements of GASB Statements No. 67 and 68. The adjustment to contribution receivable increased the net position as previously reported from \$2,175,433,000 to \$2,262,724,000. The net pension liability at June 30, 2014 has been calculated using the adjusted amounts.

9. Payable to the Pension Plan

The Town had \$0 of accounts payable to the Connecticut Municipal Employees Retirement System plan outstanding at June 30, 2015. The payable represents the Town's legally required contribution and related withheld employee contributions.

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

IV. OTHER INFORMATION (CONTINUED)

D. Pension Plans - Connecticut State Teachers' Retirement Plan

1. Plan Description

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

2. Benefit Provisions

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

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

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

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

3. 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)

IV. OTHER INFORMATION (CONTINUED)

D. Pension Plans - Connecticut State Teachers' Retirement Plan (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>53,810,829</u>
Total	<u>\$ 53,810,829</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2015, the Town recognized pension expense and revenue of \$4,037,351 for on-behalf amounts for the benefits provided by the State.

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

IV. OTHER INFORMATION (CONTINUED)

D. Pension Plans - Connecticut State Teachers' Retirement Plan (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%, 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 Plan (Continued)

5. Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	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, 2014.

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

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 \$2,014,590 and \$2,300,897, 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, 2013, 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 ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	OVER (UNDER) FUNDED AAL	FUNDED AAL RATIO	COVERED PAYROLL	OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>TOWN</u>						
July 1, 2013	\$ -	\$ 61,801,009	\$(61,801,009)	0.0%	N/A	N/A
<u>BOARD OF EDUCATION</u>						
July 1, 2013	\$ -	\$ 39,118,602	\$(39,118,602)	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, 2013
Actuarial cost method	Projected Unit Credit
Amortization method	Payments Increasing at 4%
Remaining amortization period - Town	30 Years Open
Remaining amortization period - Board	12 Years Closed

ACTUARIAL ASSUMPTIONS:

Investment rate of return	4.5%
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)	\$ 3,655,355	\$ 3,699,922
Interest on net OPEB obligation	532,418	60,979
Adjustment to annual required contribution	<u>(441,422)</u>	<u>(121,140)</u>
Annual OPEB cost (AOC)	3,746,351	3,639,761
Contributions made	<u>2,014,590</u>	<u>2,300,897</u>
Change in net OPEB obligation	1,731,761	1,338,864
Net OPEB obligation - July 1, 2014	<u>11,831,516</u>	<u>1,355,085</u>
Net OPEB obligation - June 30, 2015	<u>\$ 13,563,277</u>	<u>\$ 2,693,949</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>			
2013	\$ 3,860,130	43.0%	\$ 9,963,130
2014	3,591,375	48.0	11,831,516
2015	3,746,351	53.8	13,563,277
<u>BOARD OF EDUCATION</u>			
2013	\$ 1,922,678	95.8%	\$ 200,406
2014	3,449,125	66.5	1,355,085
2015	3,639,761	63.2	2,693,949

F. Prior Period Adjustment

The government-wide net position was restated as follows:

	Government - Wide
Net position as previously reported at June 30, 2014	\$ 30,274,946
To recorded deferred outflows for pension contribution made after the measurement date	2,502,937
To record beginning net pension liability (NPL)	<u>(10,686,843)</u>
Net position as restated as of July 1, 2014	<u><u>\$ 22,091,040</u></u>

**Required
Supplementary
Information**

Town of East Haven, Connecticut

Connecticut Municipal Employees Retirement System

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

June 30, 2015

	2015
Town's proportion of the net pension liability for the general employees without social security sub plan	<u>6.26%</u>
Town's proportion of the net pension liability for the policemen and firemen without social security sub plan	<u>6.40%</u>
Town's proportionate share of the net pension liability	<u>\$ 7,003,601</u>
Town's covered-employee payroll	<u>\$ 16,290,888</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>42.99%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.48%</u>

Schedule of Contributions

	2015
Contractually required contribution (1)	\$ 2,502,937
Contributions in relation to the contractually required contribution	<u>2,502,937</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 16,290,888</u>
Contributions as a percentage of covered-employee payroll	<u>15.36%</u>

Town of East Haven, Connecticut

Connecticut Municipal Employees Retirement System

Notes to Required Supplementary Information

June 30, 2015

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	27 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% 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
Schedule of Proportionate Share of the Net Pension Liability

June 30, 2015

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

Schedule of Contributions

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

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

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

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

June 30, 2015

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 THREE VALUATIONS

SCHEDULES OF FUNDING PROGRESS**TOWN PLAN**

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
ACTUARIAL VALUATION DATE JULY 1	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	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

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) PROJECTED UNIT CREDIT	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

N/A - No data available.

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

ACTUARIAL VALUATION DATE 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%

BOARD OF EDUCATION PLAN

ACTUARIAL VALUATION DATE 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		0.0%
2014	3,456,684	2,294,446	66.4%
2015	3,699,922	2,300,897	62.2%

TOWN OF EAST HAVEN, CONNECTICUT

OTHER POST-EMPLOYMENT BENEFIT PLANS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015

Changes of benefit terms	<p>2013 - • Fire participant eligibility was increased from 20 to 25 years of service.</p> <ul style="list-style-type: none"> • 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. • 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.
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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> <ul style="list-style-type: none"> • The ultimate healthcare rate of inflation was reduced from 9.5% to 8%. • Fire participant eligibility was increased from 20 to 25 years of service. • Per capita health costs were decreased.
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Method and assumptions used in calculations of the actuarial determined contribution	The actuarial determined contribution rates in the schedules of employer contributions are calculated as of July 1, 2013. The previous years were calculated using the valuation that was 2 years prior to the fiscal year end.
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The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Payments increasing at 4.0%
Remaining Amortization Period - Town	30 years (open)
Remaining Amortization Period - Board	12 years (closed)
Investment Rate of Return	4.5%
Healthcare Inflation rate - Initial	8.0%
Healthcare Inflation rate - Ultimate	5.0%

Supplemental Schedules

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, 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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Real estate.....	\$ 54,808,268	\$ 54,808,268	\$ 54,822,957	\$ 14,689
Motor vehicle and personal property.....	6,751,753	6,751,753	6,382,034	(369,719)
Supplemental motor vehicle.....	597,702	597,702	624,295	26,593
Delinquent taxes.....	495,000	495,000	728,958	233,958
Suspense collections.....	80,000	80,000	111,577	31,577
Interest, penalties and liens.....	611,000	611,000	632,124	21,124
PILOT water authority.....	747,893	747,893	747,893	-
PILOT GNHWPCA.....	63,000	63,000	63,000	-
Telecommunication property tax.....	45,000	45,000	48,466	3,466
TOTAL PROPERTY TAXES.....	64,199,616	64,199,616	64,161,304	(38,312)
INTERGOVERNMENTAL:				
State aid school construction.....	1,611,129	1,611,129	1,611,129	-
Health and welfare nonpublic school.....	32,104	32,104	34,341	2,237
Pupil transportation.....	229,273	229,273	256,106	26,833
Education block grant.....	20,004,233	20,004,233	18,755,463	(1,248,770)
PILOT state property.....	312,756	312,756	379,020	66,264
PILOT Pequot funds.....	159,039	159,039	161,177	2,138
Elderly circuit breaker.....	356,826	356,826	321,858	(34,968)
Tax relief elderly.....	8,000	8,000	7,334	(666)
Veterans' exemption.....	81,650	81,650	83,313	1,663
Disability reimbursement.....	5,720	5,720	5,408	(312)
Off Track Betting (OTB).....	65,500	65,500	81,383	15,883
State of CT department of children.....	22,070	22,070	22,209	139
TOTAL INTERGOVERNMENTAL.....	22,888,300	22,888,300	21,718,741	(1,169,559)
INVESTMENT INCOME.....	24,500	24,500	20,894	(3,606)
CHARGES FOR SERVICES:				
Zoning board of appeals.....	2,800	2,800	1,483	(1,317)
Zoning fees.....	12,500	12,500	7,645	(4,855)
Police permits, tags, etc.....	17,000	17,000	20,031	3,031
Fire permits/fees.....	1,000	1,000	665	(335)
Town clerk fees.....	345,000	345,000	464,777	119,777
Building department permits.....	195,000	195,000	224,495	29,495
Recreation fees.....	105,000	105,000	86,562	(18,438)
Pool fees.....	14,500	14,500	31,004	16,504
Athletic complex fees.....	265,000	265,000	297,258	32,258
C.A.M. fees.....	1,000	1,000	2,400	1,400
Human services fees.....	215,000	215,000	168,640	(46,360)
Landfill fees.....	15,000	15,000	12,935	(2,065)
Solid waste hauler fees.....	12,500	12,500		(12,500)
Inland/wetland prints.....	1,000	1,000		(1,000)
Flood and erosion.....	1,500	1,500	4,275	2,775
Police special assignments.....	495,000	495,000	794,428	299,428
TOTAL CHARGES FOR SERVICES.....	1,698,800	1,698,800	2,116,598	417,798

(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.....	\$ 404,658	\$ 404,658	\$ 388,782	\$ (15,876)
Workers' comp. reimbursement.....	295,000	295,000	135,772	(159,228)
Farmers market.....			310	310
Insurance proceeds Board of Education.....			11,900	11,900
Miscellaneous.....	125,000	125,000	107,709	(17,291)
TOTAL OTHER	824,658	824,658	644,473	(180,185)
TOTAL REVENUES.....	89,635,874	89,635,874	88,662,010	(973,864)
OTHER FINANCING SOURCES:				
Transfers in.....			61,290	61,290
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 89,635,874	\$ 89,635,874	\$ 88,723,300	\$ (912,574)

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
Town Council.....	\$ 72,600	\$ 69,814	\$ 61,329	\$ 8,485
Board of Finance.....	6,800	6,800	6,333	467
Mayor.....	142,443	142,443	138,136	4,307
Finance.....	431,051	431,051	413,614	17,437
Purchasing.....	47,984	47,984	37,856	10,128
Tax collector.....	272,119	294,119	286,080	8,039
Assessor.....	246,293	246,293	244,540	1,753
Personnel, administration and management.....	320,344	320,344	272,322	48,022
Board of assessment appeals.....	1,600	1,600	1,600	-
Town clerk.....	255,202	255,202	226,779	28,423
Registrar of Voters.....	143,770	143,770	113,031	30,739
Planning and zoning.....	161,560	161,560	148,413	13,147
Zoning board of appeals.....	2,975	2,975	2,732	243
Legal.....	527,360	527,360	519,033	8,327
Probate.....	10,100	10,100	9,015	1,085
Civil service.....	46,749	50,249	45,993	4,256
Flood and erosion.....	600	600		600
Inland/wetland.....	1,900	1,900	346	1,554
Fund balance contribution.....	900,000	900,000		900,000
School building committee.....	2,600	2,600	1,200	1,400
TOTAL GENERAL GOVERNMENT.....	3,594,050	3,616,764	2,528,352	1,088,412
PUBLIC SAFETY:				
Board of police commissioners.....	3,025	3,025	1,899	1,126
Animal Shelter.....	215,920	234,849	230,145	4,704
Police department.....	5,008,073	5,008,073	4,871,627	136,446
Board of fire commissioners.....	13,750	13,750	7,014	6,736
Fire department.....	5,292,015	5,429,742	5,391,780	37,962
Public Safety Command Center.....	518,472	669,395	666,118	3,277
TOTAL PUBLIC SAFETY.....	11,051,255	11,358,834	11,168,583	190,251
HIGHWAYS AND ENGINEERING:				
Engineering.....	143,380	143,380	133,663	9,717
Highways.....	2,171,810	2,171,810	2,125,182	46,628
TOTAL HIGHWAYS AND ENGINEERING.....	2,315,190	2,315,190	2,258,845	56,345
SANITATION AND MAINTENANCE:				
Building department.....	143,943	143,943	140,209	3,734
Sanitation.....	1,883,192	1,883,192	1,870,490	12,702
Building maintenance.....	708,730	797,012	794,036	2,976
TOTAL SANITATION AND MAINTENANCE.....	2,735,865	2,824,147	2,804,735	19,412

(Continued)

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
HEALTH AND WELFARE:				
Public health.....	\$ 252,341	\$ 253,389	\$ 252,901	\$ 488
Social services.....	79,597	52,626	34,392	18,234
Counseling and community services.....	596,615	628,963	621,458	7,505
Housing authority.....	13,861	13,861	12,991	870
Urban renewal.....	47,987	47,987	5,567	42,420
TOTAL HEALTH AND WELFARE.....	990,401	996,826	927,309	69,517
CULTURE AND RECREATION:				
Recreation.....	451,255	467,101	466,605	496
Recreation - ice rink.....	282,350	290,500	290,138	362
Senior center.....	205,011	205,011	196,952	8,059
Library.....	739,124	739,124	739,124	-
Community services.....	93,700	93,700	85,816	7,884
TOTAL CULTURE AND RECREATION.....	1,771,440	1,795,436	1,778,635	16,801
EMPLOYEE BENEFITS AND INSURANCE:				
Employee benefits.....	8,844,975	8,844,975	8,219,246	625,729
Insurance.....	2,908,500	2,908,500	2,900,063	8,437
TOTAL EMPLOYEE BENEFITS AND INSURANCE..	11,753,475	11,753,475	11,119,309	634,166
EDUCATION.....	46,410,357	46,410,357	46,410,357	-
GENERAL SERVICES.....	2,116,000	1,667,004	1,643,858	23,146
DEBT SERVICE:				
Principal.....	5,420,000	5,420,000	5,420,000	-
Interest.....	1,477,841	1,477,841	1,364,455	113,386
TOTAL DEBT SERVICE.....	6,897,841	6,897,841	6,784,455	113,386
TOTAL EXPENDITURES.....	\$ 89,635,874	\$ 89,635,874	\$ 87,424,438	\$ 2,211,436

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUT

REPORT OF TAX COLLECTOR
YEAR ENDED JUNE 30, 2015

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2014	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED AMOUNT COLLECTIBLE	COLLECTIONS			UNCOLLECTED TAXES JUNE 30, 2015
			ADDITIONS	DEDUCTIONS			TAXES	INTEREST & LIEN FEES	TOTAL	
1998	\$ 20,355	\$	\$	\$	\$ 20,355	\$ -	\$ -	\$	\$ -	\$ -
1999	20,688			2,483		18,205	-		-	18,205
2000	27,684			1,851		25,833	-		-	25,833
2001	31,415			1,851		29,564	-		-	29,564
2002	27,484			1,851		25,633	-		-	25,633
2003	63,193			2,175		61,018	212	410	622	60,806
2004	75,111			4,242	320	70,549	236	408	644	70,313
2005	78,305			4,361		73,944	236	365	601	73,708
2006	93,924			5,583		88,341	172	244	416	88,169
2007	101,631			6,373	60	95,198	3,183	2,697	5,880	92,015
2008	130,138			6,373	624	123,141	16,742	11,974	28,716	106,399
2009	333,412			78,998	312	254,102	19,992	(1,086)	18,906	234,110
2010	409,795		40,758	17,441	678	432,434	91,397	52,968	144,365	341,037
2011	378,166		4,440	9,830	2,126	370,650	113,677	32,277	145,954	256,973
2012	1,384,011		10,799	68,181	222,542	1,104,087	695,032	161,979	857,011	409,055
TOTAL PRIOR YEARS	3,175,312	-	55,997	211,593	247,017	2,772,699	940,879	262,236	1,203,115	1,831,820
2013		63,004,203	122,222	240,030	6,166	62,880,229	61,458,442	263,058	61,721,500	1,421,787
TOTAL	\$ 3,175,312	\$ 63,004,203	\$ 178,219	\$ 451,623	\$ 253,183	\$ 65,652,928	62,399,321	525,294	62,924,615	\$ 3,253,607
Suspense collections							75,283	52,935	128,218	
Totals							\$ 62,474,604	\$ 578,229	\$ 63,052,833	

Nonmajor Governmental Funds

Special Revenue Funds

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

Public Safety

Teen Center

Historical Documents Preservation

Hagaman Memorial Library

Economic Development

Health and Welfare

Town Pool Repair

Emergency Management Fund

Open Space

Daycare

Workforce Alliance

Athletic Department

Marine Enforcement Grants

High School Rental

Public Works State Aid

School Lunch

FEMA

Adult Education

Permanent Patch Fund

Education Grants

East Haven Kennel Club

Small Cities

Dog Licenses

Senior Center Special Funding

Senior Center

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.

Road Bonding 2008

Land Acquisition

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, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

SPECIAL REVENUE FUNDS

	PUBLIC SAFETY	HISTORICAL DOCUMENTS PRESERVATION	ECONOMIC DEVELOPMENT	TOWN POOL REPAIR	OPEN SPACE	MARINE ENFORCEMENT GRANTS
<u>ASSETS</u>						
Cash.....	\$ 6,882	\$	\$	\$	\$	\$
Investments.....						
Receivables:						
Intergovernmental.....	5,710					
Other.....		88				
Due from other funds.....	29,557	23,440	1,380	5,942	45,000	6,877
Other.....						
TOTAL ASSETS.....	\$ 42,149	\$ 23,528	\$ 1,380	\$ 5,942	\$ 45,000	\$ 6,877
<u>LIABILITIES</u>						
Accounts payable.....	\$	\$	\$	\$ 2,075	\$	\$
Accrued payroll.....						
Due to other funds.....						
Unearned revenue.....	17,268					
TOTAL LIABILITIES.....	17,268	-	-	2,075	-	-
<u>FUND BALANCES</u>						
Nonspendable.....						
Restricted.....	24,881	23,528				6,877
Committed.....						
Assigned.....			1,380	3,867	45,000	
Unassigned.....						
TOTAL FUND BALANCES.....	24,881	23,528	1,380	3,867	45,000	6,877
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 42,149	\$ 23,528	\$ 1,380	\$ 5,942	\$ 45,000	\$ 6,877

(Continued)

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

	SPECIAL REVENUE FUNDS					
	PUBLIC WORKS STATE AID	FEMA	PERMANENT PATCH FUND	EAST HAVEN KENNEL CLUB	SMALL CITIES	DOG LICENSES
ASSETS						
Cash.....	\$	\$	\$	\$	\$ 20,727	\$
Investments.....						
Receivables:						
Intergovernmental.....		40,333				
Other.....						960
Due from other funds.....	173,286		500	41,034		24,593
Other.....						
TOTAL ASSETS.....	\$ 173,286	\$ 40,333	\$ 500	\$ 41,034	\$ 20,727	\$ 25,553
LIABILITIES						
Accounts payable.....	\$	\$	\$	\$ 4,417	\$	\$ 317
Accrued payroll.....						
Due to other funds.....		40,333				
Unearned revenue.....						
TOTAL LIABILITIES.....	-	40,333	-	4,417	-	317
FUND BALANCES						
Nonspendable.....						
Restricted.....	173,286				20,727	
Committed.....						
Assigned.....			500	36,617		25,236
Unassigned.....						
TOTAL FUND BALANCES.....	173,286	-	500	36,617	20,727	25,236
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 173,286	\$ 40,333	\$ 500	\$ 41,034	\$ 20,727	\$ 25,553

(Continued)

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

	SPECIAL REVENUE FUNDS				
	SENIOR CENTER	TEEN CENTER	HAGAMAN MEMORIAL LIBRARY	HEALTH AND WELFARE	EMERGENCY MANAGEMENT FUND
<u>ASSETS</u>					
Cash.....	\$ 7,733	\$	\$ 100,289	\$ 4	\$
Investments.....					
Receivables:					
Intergovernmental.....				22,187	
Other.....				968	
Due from other funds.....		5,853		137,155	195
Other.....					
TOTAL ASSETS.....	\$ 7,733	\$ 5,853	\$ 100,289	\$ 160,314	\$ 195
<u>LIABILITIES</u>					
Accounts payable.....	\$	\$	\$	\$ 4,065	\$
Accrued payroll.....					
Due to other funds.....			28,953		
Unearned revenue.....				621	
TOTAL LIABILITIES.....	-	-	28,953	4,686	-
<u>FUND BALANCES</u>					
Nonspendable.....					
Restricted.....					195
Committed.....	7,733			155,628	
Assigned.....		5,853	71,336		
Unassigned.....					
TOTAL FUND BALANCES.....	7,733	5,853	71,336	155,628	195
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 7,733	\$ 5,853	\$ 100,289	\$ 160,314	\$ 195

(Continued)

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

	SPECIAL REVENUE FUNDS						TOTAL SPECIAL REVENUE FUNDS
	DAYCARE	ATHLETIC DEPARTMENT	HIGH SCHOOL RENTAL	SCHOOL LUNCH	ADULT EDUCATION	EDUCATION GRANTS	
<u>ASSETS</u>							
Cash.....	\$ 17,817	\$ 9,818	\$ 114,967	\$ 123,158	\$ 65,058	\$ 1,325,498	\$ 1,791,951
Investments.....			1,029				1,029
Receivables:							
Intergovernmental.....				129,414		403,208	600,852
Other.....							2,016
Due from other funds.....	11,288				877	1,428	508,405
Other.....				28,436			28,436
TOTAL ASSETS.....	\$ 29,105	\$ 9,818	\$ 115,996	\$ 281,008	\$ 65,935	\$ 1,730,134	\$ 2,932,689
<u>LIABILITIES</u>							
Accounts payable.....	\$	\$	\$ 7,745	\$ 508,975	\$	\$ 284,799	\$ 812,393
Accrued payroll.....						331,638	331,638
Due to other funds.....	68,419		42,039	1,428		531,236	712,408
Unearned revenue.....						11,543	29,432
TOTAL LIABILITIES.....	68,419	-	49,784	510,403	-	1,159,216	1,885,871
<u>FUND BALANCES</u>							
Nonspendable.....							-
Restricted.....			66,212		65,935		381,641
Committed.....						570,918	734,279
Assigned.....		9,818					199,607
Unassigned.....	(39,314)			(229,395)			(268,709)
TOTAL FUND BALANCES.....	(39,314)	9,818	66,212	(229,395)	65,935	570,918	1,046,818
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 29,105	\$ 9,818	\$ 115,996	\$ 281,008	\$ 65,935	\$ 1,730,134	\$ 2,932,689

(Continued)

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

	DEBT SERVICE	CAPITAL PROJECTS FUNDS		
	DEBT SERVICE	LOCIP	LOCIP TOWN CLERK FEES	TOTAL CAPITAL PROJECTS FUNDS
<u>ASSETS</u>				
Cash.....	\$ 8,441	\$	\$	\$ -
Investments.....	240,096			-
Receivables:				
Intergovernmental.....		26,562		26,562
Other.....			57	57
Due from other funds.....			93,964	93,964
Other.....				-
TOTAL ASSETS.....	\$ 248,537	\$ 26,562	\$ 94,021	\$ 120,583
<u>LIABILITIES</u>				
Accounts payable.....	\$	\$ 322	\$	\$ 322
Accrued payroll.....				-
Due to other funds.....		26,240		26,240
Unearned revenue.....				-
TOTAL LIABILITIES.....	-	26,562	-	26,562
<u>FUND BALANCES</u>				
Nonspendable.....				-
Restricted.....				-
Committed.....			94,021	94,021
Assigned.....	248,537			-
Unassigned.....				-
TOTAL FUND BALANCES.....	248,537	-	94,021	94,021
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 248,537	\$ 26,562	\$ 94,021	\$ 120,583

(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
ASSETS							
Cash.....	\$	\$	\$	\$	\$	\$	\$
Investments.....	419,022	17,929	15,878	1,240,301	22,943	33,807	1,834,199
Receivables:						1,682,266	1,923,391
Intergovernmental.....						-	627,414
Other.....						-	2,073
Due from other funds.....						-	602,369
Other.....						-	28,436
TOTAL ASSETS.....	\$	\$	\$	\$	\$	\$	\$
	419,022	17,929	15,878	1,240,301	22,943	1,716,073	5,017,882
LIABILITIES							
Accounts payable.....	\$	\$	\$	\$	\$	\$	\$
Accrued payroll.....						-	812,715
Due to other funds.....						-	331,638
Unearned revenue.....						-	738,648
TOTAL LIABILITIES.....	-	-	-	-	-	-	1,912,433
FUND BALANCES							
Nonspendable.....				100,000		100,000	100,000
Restricted.....	419,022	17,929	15,878	1,140,301	22,943	1,616,073	1,997,714
Committed.....						-	828,300
Assigned.....						-	448,144
Unassigned.....						-	(268,709)
TOTAL FUND BALANCES.....	419,022	17,929	15,878	1,240,301	22,943	1,716,073	3,105,449
TOTAL LIABILITIES AND FUND BALANCES.....	\$	\$	\$	\$	\$	\$	\$
	419,022	17,929	15,878	1,240,301	22,943	1,716,073	5,017,882

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS						
	PUBLIC SAFETY	HISTORICAL DOCUMENTS PRESERVATION	ECONOMIC DEVELOPMENT	TOWN POOL REPAIR	OPEN SPACE	WORKFORCE ALLIANCE	MARINE ENFORCEMENT GRANTS
REVENUES:							
Charges for services.....	\$	\$ 11,694	\$	\$ 1,389	\$	\$	\$
Intergovernmental.....	79,669	7,500				25,548	
Investment income.....	2						
Change in fair value of investments.....							
Contributions.....	5,870						
Other.....							
TOTAL REVENUES.....	85,541	19,194	-	1,389	-	25,548	-
EXPENDITURES:							
Current:							
General government.....		13,356					
Public safety.....	75,071						925
Public works.....							
Culture and recreation.....				2,075			
Health and welfare.....						25,548	
Public works.....							
Education.....							
Debt service.....							
Capital outlay.....							
TOTAL EXPENDITURES.....	75,071	13,356	-	2,075	-	25,548	925
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	10,470	5,838	-	(686)	-	-	(925)
OTHER FINANCING SOURCES (USES):							
Transfers in.....							
Transfers out.....	(264)						
NET OTHER FINANCING SOURCES (USES).....	(264)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	10,206	5,838	-	(686)	-	-	(925)
FUND BALANCES, JULY 1, 2014.....	14,675	17,690	1,380	4,553	45,000		7,802
FUND BALANCES, JUNE 30, 2015.....	\$ 24,881	\$ 23,528	\$ 1,380	\$ 3,867	\$ 45,000	\$ -	\$ 6,877

(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.....	\$	\$	\$	\$ 23,960	\$ 27,041	\$ 16,389
Intergovernmental.....	443,808					
Investment income.....						
Change in fair value of investments.....						
Contributions.....						
Other.....						
TOTAL REVENUES.....	443,808	-	-	23,960	27,041	16,389
EXPENDITURES:						
Current:						
General government.....				19,557		12,606
Public safety.....						
Public works.....	374,570				13,149	
Culture and recreation.....						
Health and welfare.....						
Education.....						
Debt service.....						
Capital outlay.....						
TOTAL EXPENDITURES.....	374,570	-	-	19,557	13,149	12,606
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	69,238	-	-	4,403	13,892	3,783
OTHER FINANCING SOURCES (USES):						
Transfers in.....	67,119					
Transfers out.....		(50,055)				
NET OTHER FINANCING SOURCES (USES).....	67,119	(50,055)	-	-	-	-
NET CHANGE IN FUND BALANCES.....	136,357	(50,055)	-	4,403	13,892	3,783
FUND BALANCE, JULY 1, 2014.....	36,929	50,055	500	32,214	6,835	21,453
FUND BALANCE, JUNE 30, 2015.....	\$ 173,286	\$ -	\$ 500	\$ 36,617	\$ 20,727	\$ 25,236

(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 SPECIAL FUNDING	SENIOR CENTER	TEEN CENTER	HAGAMAN MEMORIAL LIBRARY	HEALTH AND WELFARE	EMERGENCY MANAGEMENT FUND
REVENUES:						
Charges for services.....	\$	\$ 59,661	\$	\$ 20,306	\$ 78,203	\$
Intergovernmental.....				3,011	207,539	
Investment income.....						
Change in fair value of investments.....						
Contributions.....				9,755		
Other.....				2,771		
TOTAL REVENUES.....	-	59,661	-	35,843	285,742	-
EXPENDITURES:						
Current:						
General government.....						
Public safety.....					18,407	7,105
Public works.....						
Culture and recreation.....		64,079		65,591	87,916	
Health and welfare.....					85,354	
Education.....						
Debt service.....						
Capital outlay.....						
TOTAL EXPENDITURES.....	-	64,079	-	65,591	191,677	7,105
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	-	(4,418)	-	(29,748)	94,065	(7,105)
OTHER FINANCING SOURCES (USES):						
Transfers in.....						
Transfers out.....	(12)					
NET OTHER FINANCING SOURCES (USES).....	(12)	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(12)	(4,418)	-	(29,748)	94,065	(7,105)
FUND BALANCE, JULY 1, 2014.....	12	12,151	5,853	101,084	61,563	7,300
FUND BALANCE, JUNE 30, 2015.....	\$ -	\$ 7,733	\$ 5,853	\$ 71,336	\$ 155,628	\$ 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.....	\$ 392,970	\$ 32,552	\$ 195,299	\$ 398,914	\$ 79,622	\$ 145,404	\$ 1,483,404
Intergovernmental.....				872,700		5,106,428	6,746,203
Investment income.....			1,029				1,031
Change in fair value of investments.....							-
Contributions.....							15,625
Other.....		110					2,881
TOTAL REVENUES.....	392,970	32,662	196,328	1,271,614	79,622	5,251,832	8,249,144
EXPENDITURES:							
Current:							
General government.....							45,519
Public safety.....							101,508
Public works.....							387,719
Culture and recreation.....							219,661
Health and welfare.....							110,902
Education.....	427,842	22,844	171,568	1,339,210	53,839	4,911,137	6,926,440
Debt service.....							-
Capital outlay.....							-
TOTAL EXPENDITURES.....	427,842	22,844	171,568	1,339,210	53,839	4,911,137	7,791,749
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(34,872)	9,818	24,760	(67,596)	25,783	340,695	457,395
OTHER FINANCING SOURCES (USES):							
Transfers in.....							67,119
Transfers out.....							(50,331)
NET OTHER FINANCING SOURCES (USES).....	-	-	-	-	-	-	16,788
NET CHANGE IN FUND BALANCES.....	(34,872)	9,818	24,760	(67,596)	25,783	340,695	474,183
FUND BALANCE, JULY 1, 2014.....	(4,442)		41,452	(161,799)	40,152	230,223	572,635
FUND BALANCE, JUNE 30, 2015.....	\$ (39,314)	\$ 9,818	\$ 66,212	\$ (229,395)	\$ 65,935	\$ 570,918	\$ 1,046,818

(Continued)

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

	DEBT SERVICE	CAPITAL PROJECTS FUNDS				
	DEBT SERVICE	ROAD BONDING 2008	LAND ACQUISITION	LOCIP	LOCIP TOWN CLERK FEES	TOTAL CAPITAL PROJECTS FUNDS
REVENUES:						
Charges for services.....	\$	\$	\$	\$	\$ 11,721	\$ 11,721
Intergovernmental.....				166,508		166,508
Investment income.....	120,642					-
Change in fair value of investments.....						-
Contributions.....						-
Other.....						-
TOTAL REVENUES.....	120,642	-	-	166,508	11,721	178,229
EXPENDITURES:						
Current:						
General government.....						-
Public safety.....						-
Public works.....						-
Culture and recreation.....						-
Health and welfare.....						-
Education.....						-
Debt service.....	384,660					-
Capital outlay.....				166,509		166,509
TOTAL EXPENDITURES.....	384,660	-	-	166,509	-	166,509
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(264,018)	-	-	(1)	11,721	11,720
OTHER FINANCING SOURCES (USES):						
Transfers in.....			7,766			7,766
Transfers out.....		(2,081)		(74,885)		(76,966)
NET OTHER FINANCING SOURCES (USES).....	-	(2,081)	7,766	(74,885)	-	(69,200)
NET CHANGE IN FUND BALANCES.....	(264,018)	(2,081)	7,766	(74,886)	11,721	(57,480)
FUND BALANCE, JULY 1, 2014.....	512,555	2,081	(7,766)	74,886	82,300	151,501
FUND BALANCE, JUNE 30, 2015.....	\$ 248,537	\$ -	\$ -	\$ -	\$ 94,021	\$ 94,021

(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.....	\$	\$	\$	\$	\$	\$ -	\$ 1,495,125
Intergovernmental.....						-	6,912,711
Investment income.....	503	8		24,313	149	24,973	146,646
Change in fair value of investments.....				(22,981)	1,439	(21,542)	(21,542)
Contributions.....		1,614	100	12,676		14,390	30,015
Other.....						-	2,881
TOTAL REVENUES.....	503	1,622	100	14,008	1,588	17,821	8,565,836
EXPENDITURES:							
Current:							
General government.....						-	45,519
Public safety.....						-	101,508
Public works.....						-	387,719
Culture and recreation.....		1,287	2,673	72,064		76,024	295,685
Health and welfare.....						-	110,902
Education.....						-	6,926,440
Debt service.....						-	384,660
Capital outlay.....						-	166,509
TOTAL EXPENDITURES.....	-	1,287	2,673	72,064	-	76,024	8,418,942
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	503	335	(2,573)	(58,056)	1,588	(58,203)	146,894
OTHER FINANCING SOURCES (USES):							
Transfers in.....						-	74,885
Transfers out.....						-	(127,297)
NET OTHER FINANCING SOURCES (USES).....	-	-	-	-	-	-	(52,412)
NET CHANGE IN FUND BALANCES.....	503	335	(2,573)	(58,056)	1,588	(58,203)	94,482
FUND BALANCE, JULY 1, 2014.....	418,519	17,594	18,451	1,298,357	21,355	1,774,276	3,010,967
FUND BALANCE, JUNE 30, 2015.....	\$ 419,022	\$ 17,929	\$ 15,878	\$ 1,240,301	\$ 22,943	\$ 1,716,073	\$ 3,105,449

(Concluded)

Internal Service Funds

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, 2015

	SELF- INSURANCE	WORKERS' COMPENSATION	MEDICAL INSURANCE	TOTAL
<u>ASSETS</u>				
Current assets:				
Cash.....	\$	\$	\$ 573,689	\$ 573,689
Investments.....	324,559			324,559
Accounts receivable.....		4,890	191,181	196,071
Due from other funds.....	166,613	2,089,188	3,269,839	5,525,640
Other asset.....		136,654		136,654
TOTAL ASSETS.....	491,172	2,230,732	4,034,709	6,756,613
<u>LIABILITIES</u>				
Current liabilities:				
Claims and judgments payable.....	500,000	2,828,701	1,040,000	4,368,701
Due to other funds.....	833,713			833,713
Total current liabilities.....	1,333,713	2,828,701	1,040,000	5,202,414
Noncurrent liability:				
Claims and judgments payable.....	5,493,067	8,593,854		14,086,921
TOTAL LIABILITIES.....	6,826,780	11,422,555	1,040,000	19,289,335
<u>NET POSITION</u>				
Unrestricted.....	\$ (6,335,608)	\$ (9,191,823)	\$ 2,994,709	\$ (12,532,722)

TOWN OF EAST HAVEN, CONNECTICUT

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 YEAR ENDED JUNE 30, 2015

	SELF- INSURANCE	WORKERS' COMPENSATION	MEDICAL INSURANCE	TOTAL
OPERATING REVENUES:				
Charges for services.....	\$ 1,403	\$ 2,609,032	\$ 14,772,205	\$ 17,382,640
OPERATING EXPENSES:				
Claims.....	(725,445)	1,969,762	12,963,169	14,207,486
Administration.....			1,875,759	1,875,759
TOTAL OPERATING EXPENSES.....	(725,445)	1,969,762	14,838,928	16,083,245
OPERATING INCOME (LOSS).....	726,848	639,270	(66,723)	1,299,395
NONOPERATING REVENUES:				
Investment income.....	389		845	1,234
Insurance reimbursements.....		520,882		520,882
TOTAL NONOPERATING REVENUES.....	389	520,882	845	522,116
CHANGE IN NET POSITION.....	727,237	1,160,152	(65,878)	1,821,511
TOTAL NET POSITION - JULY 1, 2014.....	(7,062,845)	(10,351,975)	3,060,587	(14,354,233)
TOTAL NET POSITION - JUNE 30, 2015.....	\$ (6,335,608)	\$ (9,191,823)	\$ 2,994,709	\$ (12,532,722)

TOWN OF EAST HAVEN, CONNECTICUTINTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015

	SELF- INSURANCE	WORKERS' COMPENSATION	MEDICAL INSURANCE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
Premiums received.....	\$ 106,826	\$ 1,665,102	\$ 14,435,328	\$ 16,207,256
Payments to vendors.....			(1,875,759)	(1,875,759)
Payments for claims.....	(106,826)	(2,185,984)	(12,973,169)	(15,265,979)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	-	(520,882)	(413,600)	(934,482)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Income (loss) on investments.....	389		845	1,234
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Insurance reimbursement.....		520,882		520,882
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.	389	-	(412,755)	(412,366)
CASH AND CASH EQUIVALENTS - JULY 1, 2014.....	324,170		986,444	1,310,614
CASH AND CASH EQUIVALENTS - JUNE 30, 2015.....	\$ 324,559	\$ -	\$ 573,689	\$ 898,248
RECONCILIATION TO STATEMENT OF NET POSITION CASH:				
Cash and cash equivalents per above.....	\$ 324,559	\$	\$ 573,689	\$ 898,248
Cash and cash equivalents reported as investments.....	(324,559)			(324,559)
STATEMENT OF NET POSITION CASH.....	\$ -	\$ -	\$ 573,689	\$ 573,689
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 726,848	\$ 639,270	\$ (66,723)	\$ 1,299,395
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in:				
Accounts receivable.....		(4,890)	(71,070)	(75,960)
Due from other funds.....	105,423	(939,040)	(265,807)	(1,099,424)
Other asset.....		19,561		19,561
Increase (decrease) in:				
Claims and judgments payable.....	(832,271)	(235,783)	(10,000)	(1,078,054)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	\$ -	\$ (520,882)	\$ (413,600)	\$ (934,482)

Fiduciary Funds

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

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.

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.

TOWN OF EAST HAVEN, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	PRIVATE-PURPOSE TRUST FUNDS			
	SHINDER SCHOLARSHIP FUND	PATSY DILUNGO SCHOLARSHIP FUND	JAN STOPKA SCHOLARSHIP FUND	TOTAL PRIVATE- PURPOSE TRUST FUNDS
<u>ASSETS</u>				
Cash.....	\$	\$ 28,805	\$	\$ 28,805
Investments.....	42,979		26,668	69,647
TOTAL ASSETS.....	<u>\$ 42,979</u>	<u>\$ 28,805</u>	<u>\$ 26,668</u>	<u>\$ 98,452</u>
<u>NET POSTION</u>				
Held in trust for individuals.....	<u>\$ 42,979</u>	<u>\$ 28,805</u>	<u>\$ 26,668</u>	<u>\$ 98,452</u>

TOWN OF EAST HAVEN, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

	PRIVATE-PURPOSE TRUST FUNDS			
	SHINDER SCHOLARSHIP FUND	PATSY DILUNGO SCHOLARSHIP FUND	JAN STOPKA SCHOLARSHIP FUND	TOTAL PRIVATE- PURPOSE TRUST FUNDS
ADDITIONS:				
Contributions.....	\$	\$	\$ 26,630	\$ 26,630
Investment income (loss):				
Interest and dividends.....	29	3	38	70
TOTAL ADDITIONS.....	29	3	26,668	26,700
DEDUCTIONS:				
Scholarships awarded.....		1,000		1,000
CHANGE IN NET POSITION.....	29	(997)	26,668	25,700
TOTAL NET POSITION, JULY 1, 2014.....	42,950	29,802	-	72,752
TOTAL NET POSITION, JUNE 30, 2015.....	\$ 42,979	\$ 28,805	\$ 26,668	\$ 98,452

TOWN OF EAST HAVEN, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 YEAR ENDED JUNE 30, 2015

	BALANCE JULY 1, 2014	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2015
<u>ASSETS</u>				
CASH:				
East Haven High School Activity Fund.....	\$ 96,506	\$ 138,963	\$ 155,827	\$ 79,642
Joseph Melillo Middle School Activity Fund.....	13,671	69,022	77,718	4,975
Deer Run Student Activity Fund.....	2,986	224	325	2,885
Ferrara Student Activity Fund.....	2,640	10,873	11,084	2,429
General Activity Fund.....	4,197	1		4,198
EH School Fund.....	1,784			1,784
EH Highland School.....	9,010	4		9,014
Tuttle School.....		2,777	2,213	564
Flex Spending.....	11,508	24,423	19,034	16,897
Library HSA.....		11,981	7,934	4,047
Performance bonds.....	19,399		18,440	959
TOTAL CASH.....	161,701	258,268	292,575	127,394
INVESTMENTS:				
East Haven High School Activity Fund.....	53,792	10	26,630	27,172
ACCOUNTS RECEIVABLE:				
Flex Spending.....	3,630		3,630	-
TOTAL ASSETS.....	\$ 219,123	\$ 258,278	\$ 322,835	\$ 154,566
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
East Haven High School Activity Fund.....	\$ 150,298	\$ 138,973	\$ 182,457	\$ 106,814
Joseph Melillo Middle School Activity Fund.....	13,671	69,022	77,718	4,975
Deer Run Student Activity Fund.....	2,986	224	325	2,885
Ferrara Student Activity Fund.....	2,640	10,873	11,084	2,429
General Activity Fund.....	4,197	1		4,198
EH School Fund.....	1,784			1,784
EH Highland School.....	9,010	4		9,014
Tuttle School.....		2,777	2,213	564
Flex Spending.....	14,259	24,423	21,785	16,897
Library HSA.....		11,981	7,934	4,047
Performance bonds.....	19,399		18,440	959
TOTAL ACCOUNTS PAYABLE.....	218,244	258,278	321,956	154,566
ACCOUNTS PAYABLE:				
Flex Spending.....	879		879	-
TOTAL LIABILITIES.....	\$ 219,123	\$ 258,278	\$ 322,835	\$ 154,566

Trend
Data

TOWN OF EAST HAVEN, CONNECTICUTNET POSITION BY COMPONENT
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR									
	2015	2014 (as restated)	2013	2012	2011	(1) 2010	2009	2008	2007	2006
Net Investment in capital assets.....	\$ 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	\$ 10,602,768
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.....	1,616,073	1,674,276	1,567,686	1,669,073	1,877,310	1,701,821	1,729,333	1,963,496	2,193,639	1,667,578
General government.....				16,228	22,348	51,918				
Grant programs.....	224,418	69,256	210,138							
Public safety.....	25,076	21,975	50,702	40,216	61,789	82,460				
Public works.....				62,109	110,505	87,883				
Education.....	132,147	81,604	74,143	142,268	99,547	59,809				
Unrestricted.....	(33,359,584)	(32,618,468)	(20,675,727)	(14,803,563)	(8,086,441)	(7,633,521)	(30,438)	15,914,574	26,928,603	5,239,393
TOTAL NET POSITION.....	\$ 23,276,962	\$ 22,091,040	\$ 32,364,340	\$ 35,935,333	\$ 38,562,097	\$ 30,446,812	\$ 38,589,492	\$ 55,494,787	\$ 61,807,932	\$ 17,609,739

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

TABLE 2
(1 of 2)

TOWN OF EAST HAVEN, CONNECTICUT

CHANGES IN NET POSITION
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
EXPENSES:										
Governmental activities:										
General government.....	\$ 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	\$ 8,106,306
Public safety.....	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	12,618,534
Public works.....	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	7,535,709
Culture and recreation.....	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	2,316,075
Health and welfare.....	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	1,462,279
Education.....	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	48,719,633
Interest expense.....	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	2,560,775
Total Governmental activities expenses.....	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	83,319,311
Business-type activities:										
WPCA.....										948,162
TOTAL EXPENSES.....	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	84,267,473
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government.....	501,595	404,022	819,450	799,212	981,806	994,031	1,005,818	1,145,877	1,800,808	1,154,455
Public safety.....	855,473	556,395	597,263	715,801	651,684	864,981	717,495	784,725	762,533	876,316
Public works.....	265,860	256,565	253,482	211,734	164,944	174,740	177,137	266,067	339,911	41,885
Culture and recreation.....	497,191	495,828	439,414	443,601	599,630	563,289	554,137	500,184	527,920	403,708
Health and welfare.....	246,843	323,616	222,330	223,679	292,526	327,637	239,590	214,861	217,931	171,728
Education.....	1,244,761	2,465,337	1,699,666	1,661,315	1,677,875	1,817,360	709,799	848,760	858,575	687,627
Operating grants and contributions.....	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	27,894,969
Capital grants and contributions.....	331,519	639,485	789,422	1,178,046	4,791,019	1,924,549	508,202	462,595	560,949	1,795,969
Total Governmental activities program revenues..	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	33,026,657
Business-type activities:										
WPCA.....										506,057
TOTAL PROGRAM REVENUES.....	33,659,918	36,078,609	33,732,856	34,940,470	35,952,639	-	31,237,405	37,508,916	28,485,006	33,532,714

(Continued)

TOWN OF EAST HAVEN, CONNECTICUT

CHANGES IN NET POSITION
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
NET REVENUE (EXPENSES):										
Governmental activities.....	\$ (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)	\$ (50,292,654)
Business-type activities.....										(442,105)
TOTAL NET EXPENSES.....	(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)	(50,734,759)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Property taxes.....	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	47,714,546
Grants and contributions not restricted to specific programs.....	1,039,493	990,995	1,180,008	1,262,527	924,343	956,185	1,671,362	1,203,035	1,442,446	2,540,442
Investment income.....	147,232	313,667	237,361	96,601	378,759	270,295	(316,533)	407,672	1,217,950	799,589
Gain on sale of assets.....					1,672,168					6,403
Miscellaneous.....	129,870	186,932	449,173	256,200	293,075	595,559	1,022,800	68,023	48,256	
Transfers.....										1,851,825
Total Governmental activities revenues.....	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	52,912,805
Business-type activities:										
Investment income.....										10,318
Transfers.....										(1,851,825)
Extraordinary item.....										7,321,731
Total Business-type activities revenues.....	-	-	-	-	-	-	-	-	-	5,480,224.00
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION.....	65,901,626	63,715,217	63,162,180		64,803,117	53,562,000	53,127,685	51,580,206	50,670,690	58,393,029
CHANGE IN NET POSITION:										
Governmental activities.....	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)	2,620,151
Business-type activities.....										5,038,119
TOTAL CHANGE IN NET POSITION.....	\$ 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)	\$ 7,658,270

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUTSCHEDULE OF DEBT LIMITATION
JUNE 30, 2015
(UNAUDITED)

Total tax collections (including interest and lien fees) for current year.....	\$ 63,052,833
Reimbursement for revenue loss on:	
Tax relief for elderly freeze.....	<u>7,334</u>
BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$ 63,060,167</u>

	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
DEBT LIMITATION:					
2 1/4 times base.....	\$ 141,885,376	\$	\$	\$	\$
4 1/2 times base.....		283,770,752			
3 3/4 times base.....			236,475,626		
3 1/4 times base.....				204,945,543	
3 times base.....					189,180,501
TOTAL DEBT LIMITATION.....	<u>141,885,376</u>	<u>283,770,752</u>	<u>236,475,626</u>	<u>204,945,543</u>	<u>189,180,501</u>
INDEBTEDNESS:					
Bonds payable.....	22,204,108	8,310,892	360,000		
Bond anticipation notes.....	1,500,000				
Less: School building grants.....		(3,449,526)			
NET INDEBTEDNESS (1).....	<u>23,704,108</u>	<u>4,861,366</u>	<u>360,000</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT	<u>\$ 118,181,268</u>	<u>\$ 278,909,386</u>	<u>\$ 236,115,626</u>	<u>\$ 204,945,543</u>	<u>\$ 189,180,501</u>

(1) The total of the above net indebtedness amounts to: \$ 28,925,474

In no event shall total indebtedness exceed seven times the base for debt limitation computation. \$ 441,421,169

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

**Federal Single Audit
and
State Single Audit
of the
Town of East Haven, Connecticut
Year Ended June 30, 2015**

Town of East Haven, Connecticut

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**Federal
Single
Audit**

Town of East Haven, Connecticut
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	State Project Number	Expenditures
<u>U.S. Department of Agriculture:</u>			
Passed through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-20508-82079-170005	\$ 120,694
National School Lunch Program - Cash	10.555	12060-20560-82079-170005	608,573
National School Lunch Program - Commodities	10.555		<u>71,933</u>
Total Child Nutrition Cluster			801,200
Fresh Fruit and Vegetable Program	10.582	12060-22051-82079-SDE00005	<u>14,280</u>
Total U.S. Department of Agriculture			<u>815,480</u>
<u>U.S. Department of Justice:</u>			
Direct Program:			
Law Enforcement Assistance-Narcotics and Dangerous Drugs Training	16.004		28,918
Bulletproof Vest Partnership Program	16.607		6,280
Equitable Sharing Program	16.922	CT0004400	<u>24,175</u>
Total U.S. Department of Justice			<u>59,373</u>
<u>U.S. Department of Transportation:</u>			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	12062-DOT57161-22108	81,232
Highway Safety Cluster:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		<u>5,710</u>
Total U.S. Department of Transportation			<u>86,942</u>
<u>U.S. Department of Education:</u>			
Passed through State Department of Education:			
Adult Education - Basic Grants to States	84.002	12060-20784-84002-2015-170015	<u>49,501</u>
Title I:			
Title I Grants to Local Educational Agencies		12060-20679-82070-2014-170002	8,956
Title I Grants to Local Educational Agencies		12060-20679-82070-2015-170002	<u>571,662</u>
Total Title I Grants to Local Educational Agencies	84.010		<u>580,618</u>
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	12060-20977-82032-2015-170002	618,865
Special Education - Preschool Grants (IDEA, Preschool)	84.173	12060-20983-82032-2015-170002	<u>35,653</u>
Total Special Education Cluster			<u>654,518</u>
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	12060-20742-84010-2015-170002	<u>42,229</u>
English Language Acquisition State Grants		12060-20868-82075-2014-170002	28,687
English Language Acquisition State Grants		12060-20868-82075-2015-170002	<u>2,732</u>
Total English Language Acquisition State Grants	84.365		<u>31,419</u>
Improving Teacher Quality State Grants		12060-20858-84131-2014-170002	26,860
Improving Teacher Quality State Grants		12060-20858-84131-2015-170002	<u>55,023</u>
Total Improving Teacher Quality State Grants	84.367		<u>81,883</u>
Total U.S. Department of Education			<u>1,440,168</u>
Total Federal Awards			<u><u>\$ 2,401,963</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

Town of East Haven, Connecticut

Notes to Schedule of Expenditures of Federal Awards June 30, 2015

1. Significant accounting policies

The accounting policies of the Town of East Haven, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to Federal awards:

Basis of presentation

The accompanying schedule of expenditures of Federal awards is presented on the modified accrual basis of accounting and a current financial resources measurement focus. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. Noncash Federal awards

The Town received and expended \$71,933 of USDA donated commodities under the National School Lunch Program.

Town of East Haven, Connecticut
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2015

Financial Statement Finding

2008-1 Board of Education Bank Reconciliations

Condition

The bank reconciliations for the Board of Education bank accounts were not reconciled in a regular and timely manner during the year.

Current Status

Finding has not been adequately addressed and is repeated in the schedule of findings and questioned costs.

2014-001 Child Nutrition Cluster - CFDA #10.553/10.555

Condition

Verification of free and reduced price applications were not performed within the guidelines set by the grant.

Current Status

Finding has been adequately addressed and is not repeated in the schedule of findings and questioned costs.

2014-002 Highway Planning and Construction - CFDA #20.205

Condition

Verification and monitoring of vendor payrolls to ensure compliance with payment of prevailing wages was not performed by the Town.

Current Status

There were no grant expenditures that required compliance with payment of prevailing wages; therefore, this finding has not been repeated.

Town of East Haven, Connecticut

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? x yes no

Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Type of auditor's report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with OMB
Circular A-133, Section .510(a)? yes x no

Identification of major programs:

CFDA Number

Name of Federal Program

10.553/10.555
84.010

Child Nutrition Cluster
Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish
between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes x no

Town of East Haven, Connecticut

Schedule of Findings and Questioned Costs Year Ended June 30, 2015

II - Financial Statement Findings

2008-001 Bank Reconciliations - General Fund

Condition

The bank reconciliations for the Board of Education accounts were not reconciled in a regular and timely manner during the year. Due to the bank reconciliations not being completed timely, other general ledger accounts were also not timely reconciled.

Criteria

Effective internal control over cash requires monthly reconciliations to be performed on a timely basis.

Questioned Costs

There were no questioned costs.

Context

The deficiency was identified during both the prior and current fiscal years and occurs throughout the year.

Effect

All transactions and activity were not recorded on a timely basis and, therefore, general ledger cash balances were not reconciled to the bank statement.

Cause

The cause is due to lack of adequate staffing.

Recommendation

We recommend that bank reconciliations be performed on a monthly basis within thirty days of month end and that balances are agreed and reconciled to the general ledger. In addition, other general ledger accounts such as interfunds and control accounts should be reconciled on a monthly basis.

Views of Responsible Officials and Planned Corrective Actions

As of August, 2015, the Business Office was fully staffed and bank reconciliations are very close to being done in a timely manner, along with the other general ledger reconciliations.

III - Federal Awards Findings and Questioned Costs

None.

Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Board of Finance
Town of East Haven, Connecticut

We have audited, in accordance with the 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, the 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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 29, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (Finding 2008-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town's Response to the Finding

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Hartford, Connecticut

December 29, 2015

Independent Auditor's Report on Compliance for Each
Major Federal Program; Report on Internal Control over
Compliance; and Report on the Schedule of Expenditures
of Federal Awards Required by OMB Circular A-133

Board of Finance
Town of East Haven, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of East Haven, Connecticut's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Town's major Federal programs for the year ended June 30, 2015. The Town's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the 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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 29, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Hartford, Connecticut
December 29, 2015

**State
Single
Audit**

Town of East Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2015**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core- CT Number	Expenditures
<u>Department of Education:</u>		
Family Resource Centers	11000-SDE64000-16110	\$ 109,500
Youth Services Bureau Enhancement	11000-SDE64000-16201	5,551
Child Nutrition State Matching Grant	11000-SDE64000-16211	13,364
Healthy Foods Initiative	11000-SDE64000-16212	27,422
Adult Education	11000-SDE64000-17030	458,406
Health Services	11000-SDE64000-17034	34,341
Alliance District	11000-SDE64000-17041-82164	1,106,218
Bilingual Education	11000-SDE64000-17042	5,227
School Breakfast	11000-SDE64000-17046	33,213
Youth Services Bureau	11000-SDE64000-17052	22,209
Open Choice	11000-SDE64000-17053-82060	39,897
Passed through ACES:		
Open Choice	11000-SDE64000-17053-82060	39,000
Magnet Schools	11000-SDE64000-17057	2,600
Common Core Professional Learning Mini Grant	11000-SDE64000-12566	1,000
Primary Mental Health	11000-SDE64000-12198	19,600
Resource Equity Assessment	11000-SDE64370-12990	8,000
<u>Department of Labor:</u>		
Passed through Workforce Alliance:		
Connecticut's Youth Employment Program	11000-DOL40000-12205	25,548
<u>Department of Mental Health and Addiction Services:</u>		
Passed through Meriden & Wallingford Substance Abuse Council:		
Grants for Substance Abuse Services	11000-MHA53000-16003	4,403
Passed through BH Care:		
Managed Service System	11000-MHA53000-12157	96,431
<u>Department of Public Health:</u>		
School-Based Health Clinics	11000-DPH48500-17019	124,131
<u>Department of Social Services:</u>		
Medicaid	11000-DSS60000-16020	262,400
<u>Department of Transportation:</u>		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	345,812
<u>Department of Emergency Services and Public Protection:</u>		
School Security Competitive Grant Program	12052-DPS32183-43546	331,519
Drug Asset Forfeiture Revolving Fund	12060-DPS32155-35142	1,300
<u>Department of Energy & Environmental Protection</u>		
Passed through Shoreline Greenway Trail, Inc.:		
Environmental Protection Grant	DEP44420 #2008-8389	20,308
<u>Department of Consumer Protection:</u>		
Payments to Municipalities - Parimutuels	34004-DCP39930-29109	81,382
<u>Office of Early Childhood:</u>		
School Readiness and Child Care in Competitive Grant Municipalities	11000-OEC64840-12113	350,240
School Readiness Quality Enhancement	12060-OEC64840-17097	3,715

(Continued)

Town of East Haven, Connecticut

**Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2015**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core- CT Number	Expenditures
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	\$ 379,020
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	5,408
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	321,858
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	7,334
Property Tax Relief for Veterans	11000-OPM20600-17024	83,313
Local Capital Improvement Program	12050-OPM20600-40254	166,507
Municipal Grants-In-Aid	12052-OPM20600-43587	28,758
<u>Connecticut State Library:</u>		
State Grants to Public Libraries	11000-CSL66051-17003	1,158
Connecticard	11000-CSL66051-17010	1,853
Historic Documents Preservation Grants	12060-CSL66094-35150	7,500
Total State Financial Assistance before Exempt Programs		<u>4,575,446</u>
Exempt Programs:		
<u>Department of Education:</u>		
Education Cost Sharing	11000-SDE64000-17041-82010	18,755,463
Excess Costs Student Based and Equity	11000-SDE64000-17047	787,657
Nonpublic School Transportation	11000-SDE64000-17049	34,033
Public School Transportation	11000-SDE64000-17027	222,073
<u>Department of Construction Services:</u>		
School Construction Grants - Interest	13009-DCS28000-40896	181,563
School Construction Grants	13010-DCS28000-40901	1,429,567
<u>Office of Policy and Management:</u>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	161,177
Total Exempt Programs		<u>21,571,533</u>
Grand Total State Financial Assistance		<u>\$ 26,146,979</u>
		(Concluded)

See Note to Schedule of Expenditures of State Financial Assistance.

Town of East Haven, Connecticut

Note to Schedule of Expenditures of State Financial Assistance June 30, 2015

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of East Haven, Connecticut, under programs of the State of Connecticut for the fiscal year ended June 30, 2015. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including general government, public safety, public works, culture and recreation, health and welfare, and education.

Summary of significant accounting policies

The accounting policies of the Town of East Haven, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to the Governmental Accounting Standards Board.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of accounting

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

Town of East Haven, Connecticut
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2015

Financial Statement Finding

2008-1 Board of Education Bank Reconciliations

Condition

The bank reconciliations for the Board of Education bank accounts were not reconciled in a regular and timely manner during the year.

Current Status

Finding has not been adequately addressed and is repeated in the schedule of findings and questioned costs.

Town of East Haven, Connecticut
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? x yes no
Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes x no
Significant deficiency(ies) identified? yes x none reported

Type of auditor's report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with Section
4-236-24 of the Regulations of the
State Single Audit Act? x yes no

The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
<u>Department of Education:</u>		
Alliance District	11000-SDE64000-17041-82164	\$ 1,106,218
<u>Department of Social Services:</u>		
Medicaid	11000-DSS60000-16020	262,400
<u>Department of Transportation:</u>		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	345,812
<u>Department of Emergency Services and Public Protection:</u>		
School Security Competitive Grant Program	12052-DPS32183-43546	331,519
<u>Office of Policy and Management:</u>		
Payment in Lieu of Taxes (Pilot) on State-Owned Property	11000-OPM20600-17004	379,020
Dollar threshold used to distinguish between type A and type B programs:		\$ 200,000

Town of East Haven, Connecticut
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

II - Financial Statement Findings

2008-001 Bank Reconciliations - General Fund

Condition

The bank reconciliations for the Board of Education accounts were not reconciled in a regular and timely manner during the year. Due to the bank reconciliations not being completed timely, other general ledger accounts were also not timely reconciled.

Criteria

Effective internal control over cash requires monthly reconciliations to be performed on a timely basis.

Questioned Costs

There were no questioned costs.

Context

The deficiency was identified during both the prior and current fiscal years and occurs throughout the year.

Effect

All transactions and activity were not recorded on a timely basis and, therefore, general ledger cash balances were not reconciled to the bank statement.

Cause

The cause is due to lack of adequate staffing.

Recommendation

We recommend that bank reconciliations be performed on a monthly basis within thirty days of month end and that balances are agreed and reconciled to the general ledger. In addition, other general ledger accounts such as interfunds and control accounts should be reconciled on a monthly basis.

Views of Responsible Officials and Planned Corrective Actions

As of August, 2015, the Business Office was fully staffed and bank reconciliations are very close to being done in a timely manner, along with the other general ledger reconciliations.

Town of East Haven, Connecticut

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

III - State Financial Assistance Findings and Questioned Costs

Finding - Department of Social Services: Medicaid 11000-DSS60000-16020

2015-001 Annual Cost Report

Condition

Amounts reported in the cost report were not prepared in accordance with the cost report instructions for reporting the Form ED001.

Criteria

The State requires the cost report to be prepared using the amounts from the Form ED001.

Questioned Costs

Not determinable.

Context

The amounts reported for the cost report (June 30, 2013) costs totaled \$11,716,346. This amount was \$5,869,011 higher than the costs reported in the Form ED001 lines 404 through 411.

Effect

Incorrect amounts reported in the cost report will lead to incorrect reimbursements amounts.

Cause

The amounts in the general ledger were used to prepare the cost report vs. the Form ED001 amounts.

The amounts reported for the incorrect salary amounts were clerical errors.

Recommendation

We recommend the cost reports be prepared in accordance with the instructions and that an employee other than the preparer review the application for accuracy before submitting it to the State.

Views of Responsible Officials and Planned Corrective Actions

We agree and will ensure that all future cost reports are prepared using the final Form ED001 Schedule 4 numbers as required.

Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Board of Finance
Town of East Haven, Connecticut

We have audited, in accordance with the 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, the 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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 29, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (Finding 2008-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town's Response to the Finding

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Hartford, Connecticut
December 29, 2015

Independent Auditor's Report on Compliance for Each Major
State Program; Report on Internal Control over Compliance;
and Report on the Schedule of Expenditures of State
Financial Assistance Required by the State Single Audit Act

Board of Finance
Town of East Haven, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of East Haven, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2015. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

Basis for Qualified Opinion on the Medicaid Program

As described in the accompanying schedule of findings and questioned costs, the Town of East Haven, Connecticut, did not comply with requirements regarding Medicaid program allowable costs as described in Finding 2015-001. Compliance with such requirements is necessary, in our opinion, for the Town to comply with the requirements applicable to that program.

Qualified Opinion on the Medicaid Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Medicaid Program for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major State Programs

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the 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, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated December 29, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "CohnReznick LLP".

Hartford, Connecticut
December 29, 2015

Town of East Haven, Connecticut

Corrective Action Plan

Findings 2008-001

The Board of Education hired a new Business Manager in April 2015 and have implemented procedures to ensure bank reconciliation are completed in a timely manner.

As of August 2015, the Business office is fully staffed and the bank reconciliations are very closed to being completed monthly in a timely manner as well as the related general ledger accounts.

The procedures will be fully implemented January 1, 2016 and will be monitored by the Business Manager.