

**Annual Financial Report**  
**of the**  
**Town of East Haven, Connecticut**  
**For the Year Ended June 30, 2017**

**TOWN OF EAST HAVEN, CONNECTICUT**

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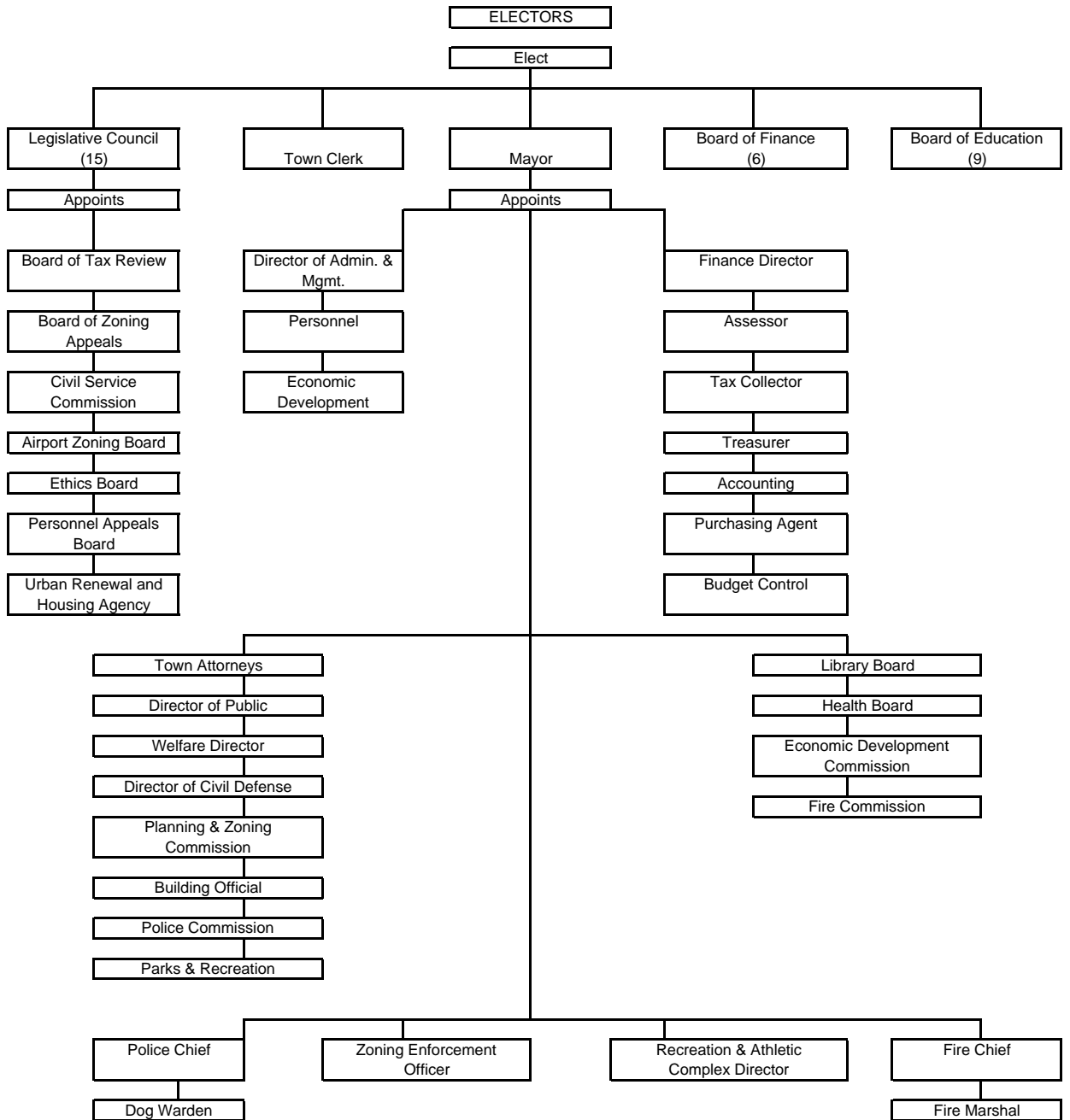
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# **Introductory Section**

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TOWN OF EAST HAVEN, CONNECTICUT

ORGANIZATIONAL CHART



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# Financial Section

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## **Independent Auditors' 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 ("Town"), as of and for the year ended June 30, 2017, 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.

### ***Auditors' Responsibility***

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



**Board of Finance  
Town of East Haven, Connecticut**

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***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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and other post-employment benefit plans schedules on pages 5 to 12 and pages 62 to 68, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and 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.

**Board of Finance  
Town of East Haven, Connecticut**

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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 27, 2017, 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.

*PKF O'Connor Davies, LLP*

Wethersfield, Connecticut  
December 27, 2017



## Management’s Discussion and Analysis For the Year Ended June 30, 2017

As management of the Town of East Haven, Connecticut (“Town”) 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, 2017.

### **Financial Highlights**

- On a government-wide basis, the Town’s net position increased by \$5,614,790 for the fiscal year. Positive operations of the general fund of \$452,280, self-insurance fund of \$3,472,678, medical insurance fund of \$2,544,071 and workers’ compensation fund of \$1,422,693 were offset by an increase in the other post-employment obligation liability of \$4,618,742.
- The Town’s net position totals \$33,168,356 at year end, an increase of \$5,614,790. Of this amount, unrestricted net position was a deficit balance of \$(24,041,765). The increase is substantially due to the positive operation of the general fund of \$452,280 and the decrease in the self-insurance claims during the year \$3,257,958.
- At year end, the unassigned fund balance for the general fund was \$5,436,994, an increase of \$452,280 from the prior year. The unassigned fund balance represents 6.1% of total budgetary expenditures as compared to 5.7% in the prior year.
- The Town’s total long-term debt increased by \$180,000. The increase was due to both general obligation bond and refunding bonds being issued during the year offset by schedule debt service payments.

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

This discussion and analysis is intended to serve as an introduction to the Town of East Haven, Connecticut’s basic financial statements. The Town’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to 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’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**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 \$33,168,356 at the close of the fiscal year.

#### Summary Statement of Net Position

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 28,625,743	\$ 29,096,377
Capital assets (net)	<u>83,233,170</u>	<u>84,279,485</u>
Total assets	<u>111,858,913</u>	<u>113,375,862</u>
Deferred outflows of resources	<u>10,314,209</u>	<u>3,055,438</u>
Current liabilities	15,640,594	21,836,040
Long-term liabilities	<u>71,870,263</u>	<u>64,520,931</u>
Total liabilities	<u>87,510,857</u>	<u>86,356,971</u>
Deferred inflows of resources	<u>1,493,909</u>	<u>2,520,763</u>
Net investment in capital assets	54,831,555	54,687,757
Restricted	2,378,566	1,996,356
Unrestricted	<u>(24,041,765)</u>	<u>(29,130,547)</u>
Total net position	<u>\$ 33,168,356</u>	<u>\$ 27,553,566</u>

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used of \$2,378,566. The remaining balance of unrestricted net position is a deficit balance in the amount of \$24,041,765.

As previously noted, the statement of activities' purpose is presenting information in how the Town's net position changed during the most recent fiscal year. The Town's net position increased by \$5,614,790 for the fiscal year. This is a result of positive operations of the general fund of \$452,280, self-insurance fund of \$3,472,678, medical insurance fund of \$2,544,071, and workers' compensation fund of \$1,422,693 and offset as an increase in the other post-employment liability of \$4,618,742.

**Statement of Changes in Net Position**

	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,320,110	\$ 3,473,251
Operating grants and contributions	34,998,871	30,819,650
Capital grants and contributions	57,206	331,519
General revenues:		
Property taxes	64,860,332	64,515,021
Grants and contributions not restricted to specific programs	1,470,420	897,510
Investment income (loss)	373,983	43,120
Miscellaneous	77,904	124,135
Total revenues	<u>105,158,826</u>	<u>100,204,206</u>
Expenses:		
General government	4,420,083	4,573,742
Public safety	14,930,997	20,167,431
Public works	7,896,236	9,284,044
Culture and recreation	2,416,107	2,514,190
Health and welfare	1,428,002	1,486,625
Education	67,507,850	65,203,368
Interest expense	944,761	1,158,231
Total expenses	<u>99,544,036</u>	<u>104,387,631</u>
Change in net position	5,614,790	(4,183,425)
Net Position - July 1	<u>27,553,566</u>	<u>31,736,991</u>
Net Postion - June 30	<u>\$ 33,168,356</u>	<u>\$ 27,553,566</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### **Revenues**

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

- Operating grants and contributions increased by \$4,179,221 primarily due the increase in the on-behalf amounts recorded for the State Teachers' Retirement plan contribution and increased funding from federal and state entitlement education grants.
- Capital grants and contributions decreased \$274,313 substantially due to expenditures in the previous year for road projects and the state grant cuts for the local capital improvement program.

### **Expenses**

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

- Public safety expense decreased by \$5,236,434 due to a decrease in estimates for public safety related legal claims.
- Public works expense decreased by \$1,387,808 due to decreases in road repair costs and decreases in claims paid for medical insurance.
- Education expense increased by \$2,304,482 due to the on-behalf amounts recorded for the State Teachers' Retirement plan contribution, contractual increases to salaries and benefits and increases in other post-employment benefit expenses.

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

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

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

The combined fund balances of governmental funds is \$5,924,533. This amount is comprised of the following components: (1) nonspendable reserve for endowments in the amount of \$100,000, (2) restricted amounts totaling \$2,278,566, (3) committed amounts of \$852,829, (4) assigned amounts totaling \$204,100 and (5) unassigned amounts of \$2,489,038.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### General Fund

The general fund is the operating fund of the Town. The fund balance of the general fund increased by \$452,280 during the fiscal year. This increase is mainly due to the following factors:

- Property tax revenues were less than budgeted by \$131,257 due to motor vehicle and personal property taxes falling short of projections.
- Intergovernmental revenues were \$531,597 less than budgeted due to decreases in state grants, most notably the pupil transportation grant and the municipal revenue sharing grant.
- General government expenditures were under budget primarily due to the \$600,000 that the Town budgeted to increase fund balance.
- Employee benefits expenditures were underspent by \$251,835 due to lower medical rates than anticipated as well as lower annual amortization charges from the MERS pension plan for Police and Fire employees. Additionally, the budget had included funds to cover any additional retirements that may have resulted from the finalization of contracts. Retirements were less than what was budgeted.

### Capital Projects Fund

This fund's net change in fund balance was an increase of \$1,405,641 for the fiscal year, resulting in a deficit fund balance at the end of the year of \$2,687,936. The decrease was a result of issuance of bonds totaling \$3,500,000 to fund various projects started in the prior and current year.

### **Capital Assets and Debt Administration**

The Town's investment in capital assets was \$83,233,170 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, vehicles and infrastructure (roads, sidewalks and bridges).

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

In addition, infrastructure increased by \$589,862 due to several road reconstruction projects.

These additions were offset by depreciation expense of \$3,089,136, resulting in the net decrease in capital assets of \$1,046,315.



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

	<b>Capital Assets - Net</b>	
	<b>2017</b>	<b>2016</b>
Land	\$ 3,497,216	\$ 3,497,216
Construction in progress	1,891,759	2,223,700
Land improvements	2,328,368	2,389,750
Buildings	39,409,102	40,382,376
Building improvements	3,759,374	4,253,372
Machinery and equipment	2,779,930	2,120,985
Vehicles	1,772,060	1,713,957
Infrastructure	27,795,361	27,698,129
<b>Total</b>	<b>\$ 83,233,170</b>	<b>\$ 84,279,485</b>

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

**Long-term Debt**

The Town's long-term debt increased by \$180,000. The increase was a result of refunding bonds (\$5,230,000) and general obligation bonds (\$3,500,000) being issued during the year offset by scheduled debt service payments as well as the old bonds being defeased.

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$26,525,000. Of this amount, \$969,013 will be funded from state grants, resulting in net outstanding long-term debt in the amount of \$25,555,987, which is backed by the full faith and credit of the Town.

**OUTSTANDING LONG-TERM DEBT**

	<b>2017</b>	<b>2016</b>
General purpose bonds	\$ 21,244,466	\$ 20,232,412
School bonds	<u>5,280,534</u>	<u>6,112,588</u>
<b>Total</b>	<b><u>\$ 26,525,000</u></b>	<b><u>\$ 26,345,000</u></b>

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 2 ¼ to 4 ½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town is \$446,042,373, 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

The unemployment rate for the State is currently 5.0%, which is a decrease from a rate of 5.9% a year ago. This is slightly higher than the national average of 4.9%. The Town's unemployment rate was 5.8%.

Town officials considered many factors when setting the fiscal year 2018 budget. The Town decided that it was important to adopt a budget designed to promote long-term fiscal stability. This included an appropriation of \$600,000 to return fund balance to an 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 2018 general fund budget is \$89,536,989, an increase of 0.72% over the prior year. The Town continues to focus on managing the tax rate in an environment of changing levels of state funding.

### **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 requests 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, 2017

<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 8,883,264
Investments.....	11,690,480
Receivables:	
Property taxes.....	1,082,470
Intergovernmental.....	1,080,442
Other.....	784,021
Other.....	<u>153,110</u>
Total current assets.....	<u>23,673,787</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash.....	34,890
Investments.....	1,578,152
Permanently restricted:	
Investments.....	<u>100,000</u>
Total restricted assets.....	<u>1,713,042</u>
Receivables (net):	
Property taxes.....	2,892,028
Intergovernmental.....	<u>346,886</u>
Total receivables (net).....	<u>3,238,914</u>
Capital assets (net of accumulated depreciation):	
Land.....	3,497,216
Construction in progress.....	1,891,759
Land improvements.....	2,328,368
Buildings.....	39,409,102
Building improvements.....	3,759,374
Machinery and equipment.....	2,779,930
Vehicles.....	1,772,060
Infrastructure.....	<u>27,795,361</u>
Total capital assets (net of accumulated depreciation).....	<u>83,233,170</u>
Total noncurrent assets.....	<u>88,185,126</u>
TOTAL ASSETS.....	<u>111,858,913</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension related.....	<u>10,314,209</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

**TOWN OF EAST HAVEN, CONNECTICUT**

STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2017

LIABILITIES

Current liabilities:

Accounts payable.....	\$	2,104,678
Accrued payroll.....		3,782,354
Accrued interest payable.....		445,729
Unearned revenue.....		124,013
Other liabilities.....		182,711
Bonds and notes payable.....		2,135,000
Capital lease payable.....		247,008
Compensated absences.....		1,384,462
Claims and judgments.....		5,234,639

Total current liabilities.....		15,640,594
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Noncurrent liabilities:

Bonds and related liabilities.....		25,168,764
Capital lease payable.....		254,394
Compensated absences.....		5,537,847
Net pension liability.....		6,281,761
Net OPEB obligations.....		25,947,134
Claims and judgments.....		8,680,363

Total noncurrent liabilities.....		71,870,263
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TOTAL LIABILITIES.....		87,510,857
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DEFERRED INFLOWS OF RESOURCES

Advance property tax collections.....		897,460
Deferred charge on refunding.....		596,449

TOTAL DEFERRED INFLOWS OF RESOURCES.....		1,493,909
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NET POSITION

Net investment in capital assets.....		54,831,555
Restricted for:		
Endowments:		
Nonexpendable.....		100,000
Expendable.....		1,613,042
Grant programs.....		402,150
Public safety.....		20,274
Education.....		243,100
Unrestricted.....		(24,041,765)

TOTAL NET POSITION.....	\$	33,168,356
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(Concluded)

The notes to the financial statements are an integral part of this statement.

TOWN OF EAST HAVEN, CONNECTICUT

STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

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.....	\$ 4,420,083	\$ 490,447	\$ 5,000	\$ -	\$ (3,924,636)
Public safety.....	14,930,997	580,678	24,579	-	(14,325,740)
Public works.....	7,896,236	300,614	534,333	57,206	(7,004,083)
Culture and recreation.....	2,416,107	500,631	7,879	-	(1,907,597)
Health and welfare.....	1,428,002	307,195	96,503	-	(1,024,304)
Education.....	67,507,850	1,140,545	34,330,577	-	(32,036,728)
Interest expense.....	944,761	-	-	-	(944,761)
<b>TOTAL.....</b>	<b>\$ 99,544,036</b>	<b>\$ 3,320,110</b>	<b>\$ 34,998,871</b>	<b>\$ 57,206</b>	<b>\$ (61,167,849)</b>

GENERAL REVENUES:

Property taxes.....	\$ 64,860,332
Grants and contributions not restricted to specific programs.....	1,470,420
Investment income.....	373,983
Miscellaneous.....	77,904
<b>TOTAL GENERAL REVENUES .....</b>	<b>66,782,639</b>
<b>CHANGE IN NET POSITION.....</b>	<b>5,614,790</b>
<b>NET POSITION, JULY 1, 2016.....</b>	<b>27,553,566</b>
<b>NET POSITION, JUNE 30, 2017.....</b>	<b>\$ 33,168,356</b>

**TOWN OF EAST HAVEN, CONNECTICUT**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	GENERAL FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b><u>ASSETS</u></b>				
Cash.....	\$ 5,081,179	\$	\$ 1,596,865	\$ 6,678,044
Investments.....	10,898,615		1,678,701	12,577,316
Receivables:				
Property taxes.....	3,556,081			3,556,081
Intergovernmental .....			422,838	422,838
Other.....	464,222		2,721	466,943
Due from other funds.....	3,582,707		746,514	4,329,221
Other.....	2,000		38,785	40,785
<b>TOTAL ASSETS.....</b>	<b>\$ 23,584,804</b>	<b>\$ -</b>	<b>\$ 4,486,424</b>	<b>\$ 28,071,228</b>
<b><u>LIABILITIES</u></b>				
Accounts payable.....	\$ 1,388,045	\$ 42,740	\$ 673,893	\$ 2,104,678
Accrued payroll.....	3,552,189		230,165	3,782,354
Due to other funds.....	8,833,687	2,645,196	282,878	11,761,761
Unearned revenue.....			124,013	124,013
Other liabilities.....	182,711			182,711
<b>TOTAL LIABILITIES.....</b>	<b>13,956,632</b>	<b>2,687,936</b>	<b>1,310,949</b>	<b>17,955,517</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue - property taxes.....	3,293,718			3,293,718
Advance property tax collections.....	897,460			897,460
<b>TOTAL DEFERRED INFLOWS OF RESOURCES..</b>	<b>4,191,178</b>	<b>-</b>	<b>-</b>	<b>4,191,178</b>
<b><u>FUND BALANCES</u></b>				
Nonspendable.....			100,000	100,000
Restricted.....			2,278,566	2,278,566
Committed.....			852,829	852,829
Assigned.....			204,100	204,100
Unassigned.....	5,436,994	(2,687,936)	(260,020)	2,489,038
<b>TOTAL FUND BALANCES.....</b>	<b>5,436,994</b>	<b>(2,687,936)</b>	<b>3,175,475</b>	<b>5,924,533</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 23,584,804</b>	<b>\$ -</b>	<b>\$ 4,486,424</b>	<b>\$ 28,071,228</b>

(Continued)

The notes to the financial statements are an integral part of this statement.

**TOWN OF EAST HAVEN, CONNECTICUT**

RECONCILIATION OF FUND BALANCES TO NET POSITION  
JUNE 30, 2017

AMOUNTS REPORTED IN THE STATEMENT OF NET POSITION

(EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET DUE TO:

TOTAL FUND BALANCES (EXHIBIT C, PAGE 1).....	\$	5,924,533
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:		
Beginning net capital assets.....		84,279,485
Capital asset additions (net of construction in progress).....		2,042,821
Depreciation expense.....		(3,089,136)
OTHER LONG-TERM ASSETS AND DEFERRED OUTFLOWS ARE NOT AVAILABLE RESOURCES AND THEREFORE NOT REPORTED IN THE FUNDS:		
School building grant receivable.....		1,004,490
Property tax interest and lien accrual.....		2,003,417
Allowance for doubtful accounts.....		(1,585,000)
Deferred outflows related to pensions.....		10,314,209
OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE UNAVAILABLE IN THE FUNDS:		
Property tax receivable - accrual basis change.....		3,293,718
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.....		(3,021,633)
SOME LIABILITIES AND DEFERRED INFLOWS, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:		
Bonds and notes payable.....		(26,525,000)
Premiums.....		(778,764)
Capital leases.....		(501,402)
Compensated absences.....		(6,922,309)
Net OPEB obligations.....		(25,947,134)
Net pension liability.....		(6,281,761)
Deferred charge on refunding.....		(596,449)
Accrued interest payable.....		(445,729)
NET POSITION .....	\$	<u>33,168,356</u>

(Concluded)

The notes to the financial statements are an integral part of this statement.



TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	GENERAL FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
Property taxes.....	\$ 64,677,274	\$	\$	\$ 64,677,274
Charges for services.....	1,962,418		1,389,360	3,351,778
Intergovernmental.....	29,867,479	57,206	7,676,559	37,601,244
Investment income.....	100,899		151,074	251,973
Change in fair value of investments.....			117,745	117,745
Contributions.....			39,000	39,000
Other.....	980,080			980,080
<b>TOTAL REVENUES.....</b>	<b>97,588,150</b>	<b>57,206</b>	<b>9,373,738</b>	<b>107,019,094</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	2,672,977		59,566	2,732,543
Public safety.....	12,520,030		138,266	12,658,296
Public works.....	5,109,688	162,659	273,015	5,545,362
Culture and recreation.....	1,828,137		235,744	2,063,881
Health and welfare.....	1,098,996		60,531	1,159,527
Employee benefits and insurance.....	12,425,247			12,425,247
Education.....	55,857,314	262,444	8,082,204	64,201,962
General services.....	1,262,015			1,262,015
Debt service.....	4,370,489	98,068		4,468,557
Capital outlay.....		2,399,886	7,615	2,407,501
<b>TOTAL EXPENDITURES.....</b>	<b>97,144,893</b>	<b>2,923,057</b>	<b>8,856,941</b>	<b>108,924,891</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>443,257</b>	<b>(2,865,851)</b>	<b>516,797</b>	<b>(1,905,797)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of debt.....		3,500,000		3,500,000
Issuance of refunding bonds.....		5,230,000		5,230,000
Payments to bond escrow agents.....		(5,818,515)		(5,818,515)
Capital lease.....		262,444		262,444
Bond premium (including refunding bonds).....		1,097,563		1,097,563
Sale of town owned property.....	9,023			9,023
Transfers in.....			2,000	2,000
Transfers out.....			(2,000)	(2,000)
<b>NET OTHER FINANCING SOURCES (USES).....</b>	<b>9,023</b>	<b>4,271,492</b>	<b>-</b>	<b>4,280,515</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>452,280</b>	<b>1,405,641</b>	<b>516,797</b>	<b>2,374,718</b>
<b>FUND BALANCES, JULY 1, 2016.....</b>	<b>4,984,714</b>	<b>(4,093,577)</b>	<b>2,658,678</b>	<b>3,549,815</b>
<b>FUND BALANCES, JUNE 30, 2017.....</b>	<b>\$ 5,436,994</b>	<b>\$ (2,687,936)</b>	<b>\$ 3,175,475</b>	<b>\$ 5,924,533</b>

The notes to the financial statements are an integral part of this statement.

**TOWN OF EAST HAVEN, CONNECTICUT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D).....	\$ 2,374,718
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay.....	2,042,821
Depreciation expense.....	(3,089,136)
Total .....	(1,046,315)
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.....	(1,113,747)
Change in property tax receivable - accrual basis change.....	184,573
Change in property tax interest and lien revenue.....	(1,515)
Total .....	(930,689)
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.....	(5,230,000)
Issuance of bonds.....	(3,500,000)
Premiums.....	(418,347)
Capital leases.....	(262,444)
Deferred charge on refunding.....	(45,000)
Principal repayments:	
General obligation bonds.....	8,550,000
Capital leases.....	262,000
Total .....	(643,791)
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.....	40,522
Premiums.....	62,698
Compensated absences.....	249,890
OPEB obligation.....	(4,618,742)
Pension expense.....	2,632,182
Accrued interest payable.....	54,875
Total .....	(1,578,575)
Internal Service Funds are used by management to charge costs of various self-insured risk premiums to individual departments (change in net position).....	7,439,442
CHANGE IN NET POSITION OF GOVERNMENT ACTIVITIES (EXHIBIT B) .....	<u>\$ 5,614,790</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Property taxes.....	\$ 64,808,531	\$ 64,808,531	\$ 64,677,274	\$ (131,257)
Intergovernmental.....	21,884,703	21,884,703	21,353,106	(531,597)
Investment income.....	27,250	27,250	100,899	73,649
Charges for services.....	2,425,471	2,425,471	1,962,418	(463,053)
Other.....	1,042,561	1,042,561	980,080	(62,481)
<b>TOTAL REVENUES.....</b>	<b>90,188,516</b>	<b>90,188,516</b>	<b>89,073,777</b>	<b>(1,114,739)</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	3,502,275	3,450,072	2,672,977	777,095
Public safety.....	11,779,954	12,452,761	12,520,030	(67,269)
Public services and engineering.....	2,543,736	2,531,301	2,231,127	300,174
Sanitation and maintenance.....	2,922,737	2,922,737	2,878,561	44,176
Health and welfare.....	1,078,042	1,104,602	1,098,996	5,606
Culture and recreation.....	1,845,615	1,874,767	1,828,137	46,630
Employee benefits and insurance.....	12,646,750	12,683,747	12,425,247	258,500
Education.....	47,410,357	47,410,357	47,342,941	67,416
General services.....	2,007,500	1,310,971	1,262,015	48,956
Debt service.....	4,451,550	4,447,201	4,370,489	76,712
<b>TOTAL EXPENDITURES.....</b>	<b>90,188,516</b>	<b>90,188,516</b>	<b>88,630,520</b>	<b>1,557,996</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>-</b>	<b>-</b>	<b>443,257</b>	<b>443,257</b>
<b>OTHER FINANCING SOURCES:</b>				
Sale of town owned property.....	-	-	9,023	9,023
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>452,280</b>	<b>\$ 452,280</b>
FUND BALANCE - JULY 1, 2016.....			4,984,714	
FUND BALANCE - JUNE 30, 2017.....			<u>\$ 5,436,994</u>	

The notes to the financial statements are an integral part of this statement.

**TOWN OF EAST HAVEN, CONNECTICUT**

STATEMENT OF FUND NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2017

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<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 2,240,110
Investments.....	791,316
Accounts receivable.....	317,078
Due from other funds.....	8,087,173
Other asset.....	<u>112,325</u>
TOTAL ASSETS.....	<u>11,548,002</u>
<u>LIABILITIES</u>	
Current liabilities:	
Claims and judgments payable.....	5,234,639
Due to other funds.....	<u>654,633</u>
Total current liabilities.....	5,889,272
Noncurrent liability:	
Claims and judgments payable.....	<u>8,680,363</u>
TOTAL LIABILITIES.....	<u>14,569,635</u>
<u>NET POSITION</u>	
Unrestricted.....	<u>\$ (3,021,633)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

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OPERATING REVENUES:	
Charges for services.....	<u>\$ 19,352,756</u>
OPERATING EXPENSES:	
Claims.....	10,197,652
Administration.....	<u>1,719,927</u>
TOTAL OPERATING EXPENSES.....	<u>11,917,579</u>
OPERATING INCOME (LOSS).....	7,435,177
NONOPERATING REVENUES:	
Investment income.....	<u>4,265</u>
CHANGE IN NET POSITION.....	7,439,442
TOTAL NET POSITION - JULY 1, 2016.....	<u>(10,461,075)</u>
TOTAL NET POSITION - JUNE 30, 2017.....	<u>\$ (3,021,633)</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF EAST HAVEN, CONNECTICUT**STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Premiums received.....	\$ 16,117,660
Payments to vendors.....	(1,719,927)
Payments for claims.....	<u>(14,553,016)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	(155,283)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income.....	4,265
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(151,018)
CASH AND CASH EQUIVALENTS - JULY 1, 2016.....	<u>3,182,444</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2017.....	<u>\$ 3,031,426</u>
RECONCILIATION TO STATEMENT OF FUND NET POSITION CASH:	
Cash and cash equivalents per above.....	\$ 3,031,426
Cash and cash equivalents reported as investments.....	<u>(791,316)</u>
STATEMENT OF FUND NET POSITION CASH.....	<u>\$ 2,240,110</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating income (loss).....	\$ 7,435,177
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Accounts receivable.....	(140,066)
Due from other funds.....	(3,327,369)
Other asset.....	53,259
Increase (decrease) in:	
Claims and judgments payable.....	<u>(4,176,284)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....	<u>\$ (155,283)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF EAST HAVEN, CONNECTICUTSTATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017

	PRIVATE- PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
Cash.....	\$ 27,310	\$ 154,520
Investments.....	67,800	27,186
TOTAL ASSETS.....	95,110	181,706
<u>LIABILITY</u>		
Accounts payable.....	-	181,706
<u>NET POSITION</u>		
Restricted for individuals.....	\$ 95,110	\$ -

The notes to the financial statements are an integral part of this statement.

**TOWN OF EAST HAVEN, CONNECTICUT**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

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	PRIVATE- PURPOSE TRUST FUNDS
<hr/>	
ADDITIONS:	
Interest and dividends.....	\$ 75
DEDUCTIONS:	
Scholarships awarded.....	<u>1,000</u>
CHANGE IN NET POSITION.....	(925)
TOTAL NET POSITION, JULY 1, 2016.....	<u>96,035</u>
TOTAL NET POSITION, JUNE 30, 2017.....	<u><u>\$ 95,110</u></u>

The notes to the financial statements are an integral part of this statement.



**TOWN OF EAST HAVEN, CONNECTICUT**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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**HISTORY AND ORGANIZATION**

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

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

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

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

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

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

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

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

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

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

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

Property taxes, reimbursement type grants, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the Town considers property taxes to be available if collected within 60 days of the current fiscal year end and reimbursement grants to be available if they are collected within one year of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

**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 FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

**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 16 to 50% of outstanding receivable balances and are calculated based upon prior collection history.

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

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

**3. Restricted Assets**

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

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

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

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

**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 acquisition value at the date of donation.

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

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, differences between expected and actual experience, net difference between projected and actual earnings on pension plan investments and the change in proportional share. The deferred outflows related to contributions made after the measurement date are recognized in the subsequent fiscal year. The deferred outflow for the net difference between projected and actual earnings on pension plan investments is amortized over a 5 year period. The deferred outflows of resources for differences between expected and actual experience and change in proportional share will be amortized over 4.89 years.

**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 charge on refunding, which results from the difference in the carrying value of refinanced debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

**6. Net Position Flow Assumption**

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

**7. Compensated Absences**

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

**8. Long-Term Obligations**

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

**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 reflects 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.

**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.



**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY****A. Budgets and Budgetary Accounting**

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

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

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

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**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 .....	\$ 89,073,777	\$ 88,630,520
State Teachers' Retirement on-behalf amount.....	<u>8,514,373</u>	<u>8,514,373</u>
BALANCE, GAAP BASIS, EXHIBIT D.....	<u>\$ 97,588,150</u>	<u>\$ 97,144,893</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. The amount of appreciation (depreciation) included in restricted fund balance for the Hagaman Memorial Library was \$92,767.

**D. Excess of Expenditures Over Appropriations**

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

Fire Department.....	\$258,977
Sanitation .....	54,683

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO 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. \$9,681,719 of the Town's bank balance of \$10,202,147 including certificates of deposits and money market accounts, was exposed to custodial credit risk as follows:

Uninsured and uncollateralized .....	\$ 7,198,789
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name .....	<u>2,482,930</u>
Total amount subject to custodial credit risk .....	<u>\$ 9,681,719</u>

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

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

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)		
		N/A	LESS THAN 1	1-5 YEARS
Mutual funds/exchange traded funds:				
Money market .....	\$ 34,443	\$ -	\$ 34,443	\$ -
Domestic equity .....	619,112	619,112	-	-
International equity .....	312,547	312,547	-	-
Domestic bond .....	135,322	-	-	135,322
International bond .....	12,034	-	-	12,034
Hedge fund .....	131,831	131,831	-	-
Commodities .....	10,751	10,751	-	-
Certificates of deposit .....	94,986	-	94,986	-
Bank money market accounts .....	5,065,018	-	5,065,018	-
Common stock .....	549	549	-	-
Pooled fixed income .....	<u>7,047,025</u>	-	<u>7,047,025</u>	-
TOTAL .....	<u>\$13,463,618</u>	<u>\$1,074,790</u>	<u>\$12,241,472</u>	<u>\$ 147,356</u>

Fair value of investments

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

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

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

III. **DETAILED NOTES (CONTINUED)**

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

The Town had the following recurring fair value measurements:

INVESTMENTS AT FAIR VALUE	AMOUNT	QUOTED MARKET	SIGNIFICANT	SIGNIFICANT
		PRICES IN ACTIVE	OBSERVABLE	UNOBSERVABLE
		MARKETS	INPUTS	INPUTS
		LEVEL 1	LEVEL 2	LEVEL 3
<u>Mutual funds/exchange traded funds</u>				
Money market	\$ 34,443	\$ 34,443	\$ -	\$ -
Domestic equity	619,112	619,112	-	-
International equity	312,547	312,547	-	-
Domestic bond	135,322	135,322	-	-
International bond	12,034	12,034	-	-
Hedge funds	131,831	131,831	-	-
Commodities	10,751	10,751	-	-
Common stock	549	549	-	-
Total investments by fair value level	1,256,589	\$ 1,256,589	\$ -	\$ -
<u>Other Investments</u>				
Certificates of deposit	94,986			
Bank money market accounts	5,065,018			
Pooled fixed income	7,047,025			
Total other investments	12,207,029			
Total Investments	\$ 13,463,618			

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

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

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

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

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

**III. DETAILED NOTES (CONTINUED)**

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

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

AVERAGE RATING	MONEY MARKET MUTUAL FUNDS	DOMESTIC BOND MUTUAL FUNDS	INTERNATIONAL BOND MUTUAL FUNDS	POOLED FIXED INCOME
AAA .....	\$ 34,443	\$ -	\$ -	\$ 7,047,025
AA.....	-	135,322	602	-
BBB.....	-	-	963	-
BB.....	-	-	5,776	-
B.....	-	-	3,851	-
CCC.....	-	-	842	-
TOTAL.....	\$ 34,443	\$ 135,322	\$ 12,034	\$ 7,047,025

Custodial credit risk (investments) - 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. The Town does not have any investments subject to custodial credit risk.

Foreign currency risk - The Town does not have a formal policy with respect to foreign currency risk. Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange.

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

**B. Receivables**

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

	Taxes	Property Taxes Interest & Lien fees	Total
Current Portion.....	\$ 867,684	\$ 214,786	\$ 1,082,470
Long-term Portion .....	\$ 2,688,397	\$ 1,788,631	\$ 4,477,028
Less Allowance for Uncollectibles ...	(585,000)	(1,000,000)	(1,585,000)
Net Long-term Portion .....	\$ 2,103,397	\$ 788,631	\$ 2,892,028
Total Receivable .....	\$ 2,971,081	\$ 1,003,417	\$ 3,974,498

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

**III. DETAILED NOTES (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the fiscal year was as follows:

	BALANCE JULY 1, 2016	INCREASES	DECREASES	BALANCE JUNE 30, 2017
<u>Capital Assets, not Being Depreciated:</u>				
Land .....	\$ 3,497,216	\$ -	\$ -	\$ 3,497,216
Construction in progress .....	2,223,700	768,117	1,100,058	1,891,759
Total Capital Assets, not Being Depreciated	<u>5,720,916</u>	<u>768,117</u>	<u>1,100,058</u>	<u>5,388,975</u>
<u>Capital Assets, Being Depreciated:</u>				
Land improvements .....	4,692,645	138,013	-	4,830,658
Buildings.....	62,712,818	-	-	62,712,818
Building improvements .....	12,997,057	360,209	-	13,357,266
Machinery and equipment.....	6,431,391	951,591	-	7,382,982
Vehicles.....	5,404,812	335,087	-	5,739,899
Infrastructure .....	39,692,388	589,862	-	40,282,250
Total Capital Assets, Being Depreciated .....	<u>131,931,111</u>	<u>2,374,762</u>	<u>-</u>	<u>134,305,873</u>
Total Capital Assets.....	<u>137,652,027</u>	<u>3,142,879</u>	<u>1,100,058</u>	<u>139,694,848</u>
<u>Less Accumulated Depreciation for:</u>				
Land improvements .....	2,302,895	199,395	-	2,502,290
Buildings.....	22,330,442	973,274	-	23,303,716
Building improvements .....	8,743,685	854,207	-	9,597,892
Machinery and equipment.....	4,310,406	292,646	-	4,603,052
Vehicles.....	3,690,855	276,984	-	3,967,839
Infrastructure .....	11,994,259	492,630	-	12,486,889
Total Accumulated Depreciation .....	<u>53,372,542</u>	<u>3,089,136</u>	<u>-</u>	<u>56,461,678</u>
Total Capital Assets, Being Depreciated, net	<u>78,558,569</u>	<u>(714,374)</u>	<u>-</u>	<u>77,844,195</u>
Capital Assets, net.....	<u>\$ 84,279,485</u>	<u>\$ 53,743</u>	<u>\$ 1,100,058</u>	<u>\$ 83,233,170</u>

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

General government .....	\$ 65,057
Public safety .....	419,696
Public works .....	657,177
Culture and recreation .....	93,363
Health and welfare .....	18,804
Education.....	<u>1,835,039</u>
Total Depreciation Expense	<u>\$ 3,089,136</u>

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

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts**

**1. Interfund Payables and Receivables**

A summary of interfund balances are as follows:

<u>MAJOR FUNDS:</u>	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
GENERAL FUND:			
Capital projects .....	N/A	\$ 2,645,196	\$ -
Public safety .....	N/A	-	16,985
Historical documents preservation .....	N/A	-	21,317
Economic development .....	N/A	-	980
Town pool repair .....	N/A	-	2,077
Open space .....	N/A	-	45,000
Marine enforcement grants .....	N/A	-	6,364
Public works state aid .....	N/A	-	313,350
East Haven kennel club .....	N/A	-	19,451
Dog licenses .....	N/A	-	19,006
Teen center .....	N/A	-	5,853
Health and welfare .....	N/A	-	176,754
Emergency management fund .....	N/A	-	195
Daycare .....	N/A	45,284	-
High school rental .....	N/A	810	-
Education grants .....	N/A	236,784	-
LOCIP Town clerk fees .....	N/A	-	119,182
Self-insurance .....	N/A	654,633	-
Workers' compensation .....	N/A	-	3,480,026
Medical insurance .....	N/A	-	4,607,147
		<hr/>	
TOTAL GENERAL FUND .....		3,582,707	8,833,687
		<hr/>	
CAPITAL PROJECTS .....	General Fund	-	2,645,196
		<hr/>	

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

III. **DETAILED NOTES (CONTINUED)**

D. **Interfund Accounts (Continued)**

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

	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<b><u>NONMAJOR GOVERNMENTAL FUNDS:</u></b>			
<b><u>SPECIAL REVENUE FUNDS:</u></b>			
Public safety.....	General Fund	\$ 16,985	\$ -
Historical documents preservation.....	General Fund	21,317	-
Economic development.....	General Fund	980	-
Town pool repair.....	General Fund	2,077	-
Open space.....	General Fund	45,000	-
Marine enforcement grants.....	General Fund	6,364	-
Public works state aid.....	General Fund	313,350	-
East Haven kennel club.....	General Fund	19,451	-
Dog licenses.....	General Fund	19,006	-
Teen center.....	General Fund	5,853	-
Health and welfare.....	General Fund	176,754	-
Emergency management fund.....	General Fund	195	-
Daycare.....	General Fund	-	45,284
High school rental.....	General Fund	-	810
Education grants.....	General Fund	-	236,784
		<hr/>	<hr/>
TOTAL SPECIAL REVENUE FUNDS.....		627,332	282,878
<b><u>CAPITAL PROJECTS FUNDS:</u></b>			
LOCIP Town clerk fees.....	General Fund	119,182	-
		<hr/>	<hr/>
TOTAL NONMAJOR GOVERNMENTAL FUNDS...		746,514	282,878
<b><u>INTERNAL SERVICE FUNDS:</u></b>			
Self-insurance.....	General Fund	-	654,633
Workers' compensation.....	General Fund	3,480,026	-
Medical Insurance.....	General Fund	4,607,147	-
		<hr/>	<hr/>
TOTAL INTERNAL SERVICE FUNDS.....		8,087,173	654,633
		<hr/>	<hr/>
GRAND TOTAL.....		\$ 12,416,394	\$ 12,416,394

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.



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

**III. DETAILED NOTES (CONTINUED)**

**D. Interfund Accounts (Continued)**

**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>NONMAJOR FUNDS:</u>			
<u>SPECIAL REVENUE FUNDS:</u>			
East Haven Kennel Club .....	Dog Licenses	\$ 2,000	\$ -
Dog Licenses .....	East Haven Kennel Club	<u>-</u>	<u>2,000</u>
 TOTAL.....		 <u>\$ 2,000</u>	 <u>\$ 2,000</u>

Transfers are used to account for the financing between funds with related programs and activities.

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

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

	<u>BALANCE JULY 1, 2016</u>		<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2017</u>
<u>BOND ANTICIPATION NOTES:</u>					
Department of Justice .....	\$ 1,000,000	\$	-	\$1,000,000	\$ -
Capital Projects .....	<u>1,500,000</u>		-	<u>1,500,000</u>	<u>-</u>
 TOTAL .....	 <u>\$ 2,500,000</u>	 \$	 -	 <u>2,500,000</u>	 <u>-</u>

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO 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, 2016	ADDITIONS	DEDUCTIONS / REFUNDED	BALANCE JUNE 30, 2017	CURRENT PORTION
<b>BONDS/NOTES:</b>									
General Purpose:									
Improvement Bond...	\$3,000,000	08/24/07	2028	4.1-5.5%	\$1,800,000	\$ -	\$1,800,000	\$ -	\$ -
Improvement Bond...	6,941,000	07/22/09	2028	5.00-6.00%	5,261,000	-	3,202,798	2,058,202	411,251
Refunding Bond .....	3,880,000	07/28/10	2030	3.00%	2,105,000	-	355,000	1,750,000	355,000
Improvement Bond...	3,655,000	07/28/10	2021	3.00%	3,038,152	-	616,848	2,421,304	205,616
Improvement Bond...	1,275,000	07/26/11	2026	2.00%	960,000	-	105,000	855,000	105,000
Improvement Bond...	3,150,000	07/17/13	2026	2.0-4.0%	2,787,790	-	213,080	2,574,710	213,080
Refunding Bond .....	3,421,340	08/05/14	2025	5.00%	3,143,260	-	288,010	2,855,250	300,420
Refunding Bond .....	5,230,000	11/17/16	2037	3.0-4.00%	-	5,230,000	-	5,230,000	-
Improvement Bond...	3,500,000	11/17/16	2037	3.0-4.00%	-	3,500,000	-	3,500,000	-
Total General Purpose					19,095,202	8,730,000	6,580,736	21,244,466	1,590,367
Schools:									
Refunding Bond .....	25,294,000	02/15/03	2017	3.28%	1,005,000	-	1,005,000	-	-
School Bonds .....	654,000	07/22/09	2028	5.00-6.00%	494,000	-	302,202	191,798	38,749
School Bonds .....	1,500,000	07/28/10	2021	3.00%	1,246,848	-	253,152	993,696	84,384
School Bonds .....	270,000	07/26/11	2021	2.00%	180,000	-	30,000	150,000	30,000
Improvement Bond...	1,285,000	07/17/13	2026	2.0-4.0%	1,137,210	-	86,920	1,050,290	86,920
Refunding Bond .....	3,468,660	08/05/14	2025	5.00%	3,186,740	-	291,990	2,894,750	304,580
Total Schools .....					7,249,798	-	1,969,264	5,280,534	544,633
TOTAL BONDS/NOTES .....					26,345,000	8,730,000	8,550,000	26,525,000	2,135,000
PREMIUMS .....					423,115	418,347	62,698	778,764	-
TOTAL BONDS/NOTES AND RELATED LIABILITIES .....					26,768,115	9,148,347	8,612,698	27,303,764	2,135,000
CAPITAL LEASES .....					500,958	262,444	262,000	501,402	247,008
COMPENSATED ABSENCES .....					7,172,199	2,370,367	2,620,257	6,922,309	1,384,462
NET OPEB OBLIGATIONS .....					21,328,392	9,173,374	4,554,632	25,947,134	-
NET PENSION LIABILITY .....					1,655,172	7,000,459	2,373,870	6,281,761	-
RISK MANAGEMENT (INTERNAL SERVICE FUNDS) .....					18,091,286	10,047,183	14,223,467	13,915,002	5,234,639
TOTAL LONG-TERM OBLIGATIONS .....					\$ 75,516,122	\$38,002,174	\$ 32,646,924	\$ 80,871,372	\$ 9,001,109

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

**III. DETAILED NOTES (CONTINUED)**

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

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

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

FISCAL YEAR ENDED JUNE 30,	AMOUNT TO BE PROVIDED BY STATE OF CT		BONDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2018	\$ 629,385	\$ 28,219	\$ 2,135,000	\$ 1,072,801
2019	339,628	7,258	2,160,000	981,900
2020	-	-	2,495,000	880,382
2021	-	-	2,610,000	770,162
2022	-	-	2,645,000	654,469
2023	-	-	2,275,000	546,313
2024	-	-	2,310,000	445,819
2025	-	-	2,345,000	342,982
2026	-	-	1,480,000	260,819
2027	-	-	1,445,000	200,569
2028	-	-	1,385,000	145,737
2029	-	-	1,225,000	100,716
2030	-	-	490,000	71,769
2031	-	-	425,000	53,484
2032	-	-	185,000	40,300
2033	-	-	185,000	32,900
2034	-	-	185,000	25,500
2035	-	-	185,000	18,100
2036	-	-	180,000	10,800
2037	-	-	180,000	3,600
<b>TOTALS</b>	<b>\$ 969,013</b>	<b>\$ 35,477</b>	<b>\$ 26,525,000</b>	<b>\$ 6,659,122</b>

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

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

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

CATEGORY	DEBT LIMIT	INDEBTEDNESS	NET BALANCE
General purpose .....	\$ 143,370,763	\$ 21,244,466	\$ 122,126,297
Schools .....	286,741,526	4,311,521	282,430,005
Sewers .....	238,951,271	-	238,951,271
Urban renewal.....	207,091,102	-	207,091,102
Pension deficit.....	191,161,017	-	191,161,017

TOWN OF EAST HAVEN, CONNECTICUT  
NOTES TO 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, \$446,042,373.

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 \$969,013 for bond principal is reflected as deductions in the computation of net indebtedness.

**2. Capital Lease**

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

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

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease, and the present value of the future minimum lease payments:

YEAR ENDING <u>JUNE 30,</u>	
2018	262,000
2019	262,000
Less amount representing interest	<u>(22,598)</u>
Present value of minimum lease payments	<u>\$ 501,402</u>

**3. Authorized/Unissued Bonds**

The Town had authorized and unissued bonds as follows:

	<u>AUTHORIZED/ UNISSUED BONDS</u>
General purpose .....	\$ 8,058,693
Schools .....	<u>2,846,000</u>
Total .....	<u>\$ 10,904,693</u>

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

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**III. DETAILED NOTES (CONTINUED)**

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

**4. Prior Years' Advanced Refunding**

In prior years, the Town has defeased a bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Town's financial statements. At fiscal year end, the amount of defeased debt outstanding but removed from the Town's financial statements amounted to \$8,220,000.

**G. Restricted Net Position**

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

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

The following funds had deficit fund balances/net position:

Daycare .....	\$	45,005
School lunch .....		215,015
Self-insurance reserve .....		2,328,918
Workers' compensation .....		6,795,050

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 FINANCIAL STATEMENTS (CONTINUED)

**III. DETAILED NOTES (CONTINUED)**

**I. Fund Balance Classifications**

Fund balances are composed of the following:

Fund Balance Component	General Fund	Capital Projects	Nonmajor Funds	Total
Nonspendable:				
Permanent fund principal	\$	\$	\$ 100,000	\$ 100,000
Restricted:				
Grant programs			380,737	380,737
Donor purpose restrictions			1,613,042	1,613,042
Public safety programs			20,274	20,274
Historical document preservation			21,413	21,413
Education programs			243,100	243,100
Total restricted	-	-	2,278,566	2,278,566
Committed:				
Senior center			8,740	8,740
Health and welfare programs			61,466	61,466
Emergency medical service			95,255	95,255
Education programs			568,087	568,087
Approved capital projects			119,281	119,281
Total committed	-	-	852,829	852,829
Assigned:				
Recreation			66,734	66,734
Economic development			980	980
Animal control			29,875	29,875
Teen center			5,853	5,853
Library operations			100,658	100,658
Total assigned	-	-	204,100	204,100
Unassigned	5,436,994	(2,687,936)	(260,020)	2,489,038
Total	\$ 5,436,994	\$ (2,687,936)	\$ 3,175,475	\$ 5,924,533

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

**IV. OTHER INFORMATION**

**A. Risk Management**

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

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

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

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

The claims liability reported is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries.

The claim accrual does not include other allocated or unallocated claims adjustment expenses.

Fiscal Year End/Fund	Claims Payable July 1,	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
Self-Insurance Fund:				
2016	\$ 5,993,067	\$ (237,841)	\$ -	\$ 5,755,226
2017	5,755,226	(3,257,958)	31,667	2,465,601
Workers' Compensation Fund:				
2016	11,422,555	2,239,254	2,351,749	11,310,060
2017	11,310,060	1,431,416	2,354,075	10,387,401
Medical Insurance Fund:				
2016	1,040,000	12,887,890	12,901,890	1,026,000
2017	1,026,000	12,024,194	11,988,194	1,062,000

**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.



**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. Deferral 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**

The Town reported \$6,281,761 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportionate share of the net pension liability was based upon the Town's 2016 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The Town's proportional share was 6.61% for the general employees sub plan and 5.96% for the police and fire sub plan. There was a 0.35% increase in general employees sub plan and a 0.21% decrease in the police and fire sub plan as compared to the prior year.

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

**IV. OTHER INFORMATION (CONTINUED)**

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

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

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

For the fiscal year the Town recognized pension expense of \$3,213,775. 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
Differences between expected and actual experience	\$ 1,841,470
Net difference between projected and actual earnings on pension plan investments	5,542,272
Change in proportional share	535,953
Town contributions subsequent to measurement date	<u>2,394,514</u>
Total	<u>\$ 10,314,209</u>

The \$2,394,514 amount reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending June 30,	
2018	\$ 1,845,029
2019	1,845,029
2020	2,575,403
2021	<u>1,654,234</u>
Total	<u>\$ 7,919,695</u>

TOWN OF EAST HAVEN, CONNECTICUT  
 NOTES TO 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, 2016, 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).

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>3.0%</u>	0.4%
Total	<u><u>100.0%</u></u>	

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

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**IV. OTHER INFORMATION (CONTINUED)**

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

**6. Discount Rate**

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

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

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

	1% Decrease <u>(7.00%)</u>	Current Discount <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Town's proportional share of the net pension (asset) liability	\$ 16,211,384	\$ 6,281,761	\$(4,581,764)

**8. Plan Fiduciary Net Position**

Detailed information about the MERS plan's fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2016.

**9. Payable to the Pension Plan**

The Town had \$22,554 of accounts payable to the MERS plan at year end. The payable represents the Town's legally required contribution and related withheld employee contributions.

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

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

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**IV. OTHER INFORMATION (CONTINUED)**

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

**1. Plan Description**

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

**2. Benefit Provisions**

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

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

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

Disability Retirement: Employees are eligible for the 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 FINANCIAL STATEMENTS (CONTINUED)

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**IV. OTHER INFORMATION (CONTINUED)**

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

**3. Contributions (Continued)**

Employer (School Districts)

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

Employees

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

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

The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows of resources 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>78,075,123</u>
Total	<u>\$ 78,075,123</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2016, the Town has no proportionate share of the net pension liability.

For the fiscal year, the Town recognized pension expense and revenue of \$8,514,373 for on-behalf amounts for the benefits provided by the State.

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

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**IV. OTHER INFORMATION (CONTINUED)**

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

**5. Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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

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 FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

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

**5. Actuarial Assumptions (Continued)**

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

**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 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, 2016.



**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 are not accounted for in a trust and therefore do not issue stand alone financial reports.

**2. Plan 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 \$2,193,267 and \$2,361,365, 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 FINANCIAL STATEMENTS (CONTINUED)

**IV. OTHER INFORMATION (CONTINUED)**

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

**3. Funded Status and Funding Progress**

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

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

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

**4. Actuarial Methods and Assumptions**

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

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

**IV. OTHER INFORMATION (CONTINUED)**

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

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

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

Valuation date	July 1, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Payments Increasing at 4%

**ACTUARIAL ASSUMPTIONS:**

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

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

The changes in the NOO were as follows:

	<u>TOWN</u>	<u>BOARD OF EDUCATION</u>
Annual required contribution (ARC) .....	\$ 4,526,732	\$ 4,879,188
Interest on net OPEB obligation .....	653,349	199,786
Adjustment to annual required contribution.....	<u>(566,236)</u>	<u>(519,445)</u>
Annual OPEB cost (AOC).....	4,613,845	4,559,529
Contributions made.....	<u>2,193,267</u>	<u>2,361,365</u>
Change in net OPEB obligation.....	2,420,578	2,198,164
Net OPEB obligation - July 1, 2016.....	<u>16,333,732</u>	<u>4,994,660</u>
Net OPEB obligation - June 30, 2017 .....	<u>\$ 18,754,310</u>	<u>\$ 7,192,824</u>

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

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**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>			
2015	\$ 3,746,351	53.8%	\$ 13,563,277
2016	4,655,525	40.5%	16,333,732
2017	4,613,845	47.54%	18,754,310
 <u>BOARD OF EDUCATION</u>			
2015	\$ 3,639,761	63.2%	\$ 2,693,949
2016	4,585,064	49.8%	4,994,660
2017	4,559,529	51.79%	7,192,824

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**Required  
Supplementary  
Information**

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**Town of East Haven, Connecticut**  
**Connecticut Municipal Employees Retirement System**  
**Required Supplementary Information**  
**Last Three Years**

**Schedule of Proportionate Share of the Net Pension Liability**

	2017	2016	2015 (as restated)
Town's proportion of the net pension liability for the general employees without social security sub plan	<u>6.61%</u>	<u>6.26%</u>	<u>6.26%</u>
Town's proportion of the net pension liability for the policemen and firemen without social security sub plan	<u>5.96%</u>	<u>6.17%</u>	<u>6.40%</u>
Town's proportionate share of the net pension (asset) liability	<u>\$ 6,281,761</u>	<u>\$ 1,655,172</u>	<u>\$ (1,456,428)</u>
Town's covered payroll	<u>\$ 17,639,314</u>	<u>\$ 16,645,682</u>	<u>\$ 16,290,888</u>
Town's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	<u>35.61%</u>	<u>9.94%</u>	<u>-(8.94)%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>92.72%</u>	<u>92.72%</u>	<u>92.72%</u>

**Schedule of Contributions**

	2017	2016	2015
Contractually required contribution	<u>\$ 2,373,870</u>	<u>\$ 2,567,016</u>	<u>\$ 2,502,937</u>
Contributions in relation to the contractually required contribution	<u>2,373,870</u>	<u>2,567,016</u>	<u>2,502,937</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 17,639,314</u>	<u>\$ 16,645,682</u>	<u>\$ 16,290,888</u>
Contributions as a percentage of covered payroll	<u>13.46%</u>	<u>15.42%</u>	<u>15.36%</u>

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

**Town of East Haven, Connecticut**  
**Connecticut Municipal Employees Retirement System**

**Notes to Required Supplementary Information**  
**Last Three Years**

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

**Town of East Haven, Connecticut**  
**Connecticut State Teachers' Retirement System**  
**Required Supplementary Information**  
**Last Three Years**

**Schedule of Proportionate Share of the Net Pension Liability**

	2017	2016	2015
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>78,075,123</u>	<u>58,217,951</u>	<u>53,810,829</u>
Total	<u>\$ 78,075,123</u>	<u>\$ 58,217,951</u>	<u>\$ 53,810,829</u>
Town's covered payroll (2)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

**Schedule of Contributions**

	2017	2016	2015
Contractually required contribution (1)	(1) \$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll (2)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

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

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

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



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

**Last Three Years**

Changes of benefit terms	None
Changes of assumptions	<b>2016:</b>
	1. Reduce the inflation assumption from 3.00% to 2.75%.
	2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
	3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
	4. Slightly modify the merit portion of the salary scale.
	5. Reduce the payroll growth assumption from 3.75% to 3.25%.
	6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
	7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
	8. Increase rates of withdrawal.
9. Decrease rates of disability for males.	
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	21.4 years
Asset Valuation Method	4 year smoothed market
Inflation	2.75%
Salary Increases	3.25%-6.00%, average, including inflation
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation

**TOWN OF EAST HAVEN, CONNECTICUT**OTHER POST-EMPLOYMENT BENEFIT PLANS  
REQUIRED SUPPLEMENTARY INFORMATION

LAST FOUR VALUATIONS

**SCHEDULES OF FUNDING PROGRESS****TOWN PLAN**

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

**BOARD OF EDUCATION PLAN**

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

N/A - No data available.

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

FISCAL YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTIONS	ACTUAL CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
2009	\$ 3,251,952	\$ 1,502,812	46.2%
2010	3,402,672	1,098,009	32.3%
2011	3,455,700	1,995,205	57.7%
2012	3,625,994	1,474,413	40.7%
2013	3,794,130	1,659,647	43.7%
2014	3,514,757	1,722,989	49.0%
2015	3,655,355	2,014,590	55.1%
2016	4,583,188	1,885,070	41.1%
2017	4,526,732	2,193,267	48.5%

**BOARD OF EDUCATION PLAN**

FISCAL YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTIONS	ACTUAL CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
2009	\$ 1,252,326	\$ 1,220,310	97.4%
2010	1,311,234	1,203,242	91.8%
2011	1,661,931	1,658,972	99.8%
2012	1,743,829	1,786,278	102.4%
2013	1,926,328	1,842,684	95.7%
2014	3,456,684	2,294,446	66.4%
2015	3,699,922	2,300,897	62.2%
2016	4,732,007	2,284,353	48.3%
2017	4,879,188	2,361,365	48.4%

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

**TOWN OF EAST HAVEN, CONNECTICUT**

OTHER POST-EMPLOYMENT BENEFIT PLANS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

LAST FIVE YEARS

Changes of benefit terms

2013 - Fire participant eligibility was increased from 20 to 25 years of service.  
 2013 -The duration of retiree medical benefits was changed from life for all retirees to age 65 with 20-24 years of service, age 75 with 25-29 years of service, and life with 30 or more years of service.  
 2013 - The portion of the cost paid by retirees for medical coverage was changed from 7% for one group and 0% for all others to 15% for all groups.  
 2014, 2015, 2016 and 2017 - None.

Changes of assumptions

2013 - Mortality tables were updated to the RP2000 combined healthy tables projected using Scale AA to 2013 with a further projection by 2 years.  
 2013 - The ultimate healthcare rate of inflation was reduced from 9.5% to 8%.  
 2013 - Fire participant eligibility was increased from 20 to 25 years of service.  
 2013 - Per capita health costs were decreased.  
 2014 - None.  
 2015 - Mortality tables were updated to the RP2014 combined healthy tables projected using scale MP2016.  
 2015 - Actuarial cost method was changed to Entry Age Normal from the Projected Unit Credit method.  
 2015 - Investment rate of return was reduced to 4.0% from 4.5%.

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, 2015. The previous years were calculated using the valuation that was 2 years prior to the fiscal year end.

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Payments increasing at 4.0%
Remaining Amortization Period - Town	30 years (open)
Remaining Amortization Period - Board	11 years (closed)
Investment Rate of Return	4.0%
Healthcare Inflation rate - Initial	8.0%
Healthcare Inflation rate - Ultimate	5.0%
Inflation rate	4.0%

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# Supplemental Schedules

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## **General Fund**

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

**TOWN OF EAST HAVEN, CONNECTICUT**

GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>PROPERTY TAXES:</b>				
Real estate.....	\$ 55,000,958	\$ 55,000,958	\$ 55,242,917	\$ 241,959
Motor vehicle and personal property.....	6,863,332	6,863,332	6,537,401	(325,931)
Supplemental motor vehicle.....	675,580	675,580	774,815	99,235
Delinquent taxes.....	640,000	640,000	633,799	(6,201)
Suspense collections.....	125,000	125,000	96,556	(28,444)
Interest, penalties and liens.....	648,500	648,500	533,046	(115,454)
PILOT water authority.....	743,761	743,761	743,761	-
PILOT GNHWPCA.....	63,000	63,000	63,000	-
Telecommunication property tax.....	48,400	48,400	51,979	3,579
<b>TOTAL PROPERTY TAXES.....</b>	<b>64,808,531</b>	<b>64,808,531</b>	<b>64,677,274</b>	<b>(131,257)</b>
<b>INTERGOVERNMENTAL:</b>				
State aid school construction.....	1,113,748	1,113,748	1,059,732	(54,016)
Health and welfare nonpublic school.....	27,876	27,876	28,065	189
Pupil transportation.....	184,422	184,422	-	(184,422)
Education block grant.....	18,765,617	18,765,617	18,774,760	9,143
PILOT state property.....	242,589	242,589	240,702	(1,887)
Municipal revenue sharing.....	854,319	854,319	593,493	(260,826)
PILOT Pequot funds.....	170,491	170,491	170,049	(442)
Elderly circuit breaker.....	345,341	345,341	312,416	(32,925)
Tax relief elderly.....	4,000	4,000	4,000	-
Veterans' exemption.....	79,200	79,200	70,379	(8,821)
Disability reimbursement.....	5,400	5,400	5,127	(273)
Off Track Betting (OTB).....	69,500	69,500	74,254	4,754
State of CT department of children.....	22,200	22,200	20,129	(2,071)
<b>TOTAL INTERGOVERNMENTAL.....</b>	<b>21,884,703</b>	<b>21,884,703</b>	<b>21,353,106</b>	<b>(531,597)</b>
<b>INVESTMENT INCOME.....</b>	<b>27,250</b>	<b>27,250</b>	<b>100,899</b>	<b>73,649</b>
<b>CHARGES FOR SERVICES:</b>				
Zoning board of appeals.....	4,350	4,350	3,342	(1,008)
Zoning fees.....	18,500	18,500	20,747	2,247
Police permits, tags, etc.....	58,000	58,000	43,771	(14,229)
Fire permits/fees.....	1,000	1,000	510	(490)
Town clerk fees.....	450,000	450,000	437,989	(12,011)
Building department permits.....	258,700	258,700	267,326	8,626
Recreation fees.....	105,000	105,000	57,958	(47,042)
Pool fees.....	26,500	26,500	11,545	(14,955)
Athletic complex fees.....	295,000	295,000	372,922	77,922
C.A.M. fees.....	1,500	1,500	1,895	395
Human services fees.....	275,500	275,500	235,089	(40,411)
Landfill fees.....	15,000	15,000	12,473	(2,527)
Solid waste hauler fees.....	14,500	14,500	-	(14,500)
Inland/wetland prints.....	1,000	1,000	-	(1,000)
Flood and erosion.....	5,000	5,000	2,460	(2,540)
Police special assignments.....	895,921	895,921	494,391	(401,530)
<b>TOTAL CHARGES FOR SERVICES.....</b>	<b>2,425,471</b>	<b>2,425,471</b>	<b>1,962,418</b>	<b>(463,053)</b>

(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
<b>OTHER:</b>				
Employee benefit cost sharing.....	\$ 523,834	\$ 523,834	\$ 521,491	\$ (2,343)
Workers' compensation reimbursement.....	273,519	273,519	389,708	116,189
Miscellaneous.....	245,208	245,208	68,881	(176,327)
<b>TOTAL OTHER .....</b>	<b>1,042,561</b>	<b>1,042,561</b>	<b>980,080</b>	<b>(62,481)</b>
<b>TOTAL REVENUES.....</b>	<b>90,188,516</b>	<b>90,188,516</b>	<b>89,073,777</b>	<b>(1,114,739)</b>
<b>OTHER FINANCING SOURCES:</b>				
Sale of town owned property.....	-	-	9,023	9,023
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES.....</b>	<b>\$ 90,188,516</b>	<b>\$ 90,188,516</b>	<b>\$ 89,082,800</b>	<b>\$ (1,105,716)</b>

(Concluded)



**TOWN OF EAST HAVEN, CONNECTICUT**

GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>GENERAL GOVERNMENT:</b>				
Town Council.....	\$ 72,600	\$ 63,483	\$ 62,211	\$ 1,272
Board of Finance.....	6,800	6,967	6,166	801
Mayor.....	148,963	148,963	142,177	6,786
Finance.....	455,347	446,797	438,512	8,285
Purchasing.....	50,576	50,576	43,259	7,317
Tax collector.....	280,716	288,216	276,563	11,653
Assessor.....	282,412	269,512	266,758	2,754
Personnel, administration and management.....	356,588	356,588	308,929	47,659
Board of assessment appeals.....	4,250	4,250	2,625	1,625
Town clerk.....	277,732	248,658	237,256	11,402
Registrar of Voters.....	148,290	144,061	114,331	29,730
Planning and zoning.....	166,257	165,713	164,605	1,108
Zoning board of appeals.....	2,975	3,519	3,139	380
Legal.....	572,860	572,860	536,858	36,002
Probate.....	21,700	21,700	16,429	5,271
Civil service.....	49,009	53,009	50,470	2,539
Flood and erosion.....	600	600	-	600
Inland/wetland.....	2,000	2,000	889	1,111
Fund balance contribution.....	600,000	600,000	-	600,000
School building committee.....	2,600	2,600	1,800	800
<b>TOTAL GENERAL GOVERNMENT.....</b>	<b>3,502,275</b>	<b>3,450,072</b>	<b>2,672,977</b>	<b>777,095</b>
<b>PUBLIC SAFETY:</b>				
Board of police commissioners.....	3,075	3,075	1,150	1,925
Animal shelter.....	225,373	237,808	225,227	12,581
Police department.....	5,297,420	5,920,692	5,776,568	144,124
Board of fire commissioners.....	13,750	11,251	8,101	3,150
Fire department.....	5,447,640	5,450,139	5,709,116	(258,977)
Public Safety Command Center.....	792,696	829,796	799,868	29,928
<b>TOTAL PUBLIC SAFETY.....</b>	<b>11,779,954</b>	<b>12,452,761</b>	<b>12,520,030</b>	<b>(67,269)</b>
<b>PUBLIC SERVICES AND ENGINEERING:</b>				
Engineering.....	164,110	164,110	148,980	15,130
Public services.....	2,379,626	2,367,191	2,082,147	285,044
<b>TOTAL PUBLIC SERVICES AND ENGINEERING.....</b>	<b>2,543,736</b>	<b>2,531,301</b>	<b>2,231,127</b>	<b>300,174</b>
<b>SANITATION AND MAINTENANCE:</b>				
Building department.....	153,869	153,869	149,006	4,863
Sanitation.....	1,903,036	1,903,036	1,957,719	(54,683)
Building maintenance.....	865,832	865,832	771,836	93,996
<b>TOTAL SANITATION AND MAINTENANCE.....</b>	<b>2,922,737</b>	<b>2,922,737</b>	<b>2,878,561</b>	<b>44,176</b>

(Continued)

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>HEALTH AND WELFARE:</b>				
Public health.....	\$ 237,446	\$ 238,144	\$ 238,144	\$ -
Social services.....	58,301	58,301	56,410	1,891
Counseling and community services.....	738,995	753,615	752,022	1,593
Housing authority.....	850	850	79	771
Urban renewal.....	42,450	53,692	52,341	1,351
<b>TOTAL HEALTH AND WELFARE.....</b>	<b>1,078,042</b>	<b>1,104,602</b>	<b>1,098,996</b>	<b>5,606</b>
<b>CULTURE AND RECREATION:</b>				
Recreation.....	462,730	487,606	483,643	3,963
Recreation - ice rink.....	293,513	290,513	275,674	14,839
Senior center.....	191,419	195,648	193,193	2,455
Library.....	788,753	791,800	791,798	2
Community services.....	109,200	109,200	83,829	25,371
<b>TOTAL CULTURE AND RECREATION.....</b>	<b>1,845,615</b>	<b>1,874,767</b>	<b>1,828,137</b>	<b>46,630</b>
<b>EMPLOYEE BENEFITS AND INSURANCE:</b>				
Employee benefits.....	9,928,750	10,033,292	9,781,457	251,835
Insurance.....	2,718,000	2,650,455	2,643,790	6,665
<b>TOTAL EMPLOYEE BENEFITS AND INSURANCE.....</b>	<b>12,646,750</b>	<b>12,683,747</b>	<b>12,425,247</b>	<b>258,500</b>
<b>EDUCATION.....</b>	<b>47,410,357</b>	<b>47,410,357</b>	<b>47,342,941</b>	<b>67,416</b>
<b>GENERAL SERVICES.....</b>	<b>2,007,500</b>	<b>1,310,971</b>	<b>1,262,015</b>	<b>48,956</b>
<b>DEBT SERVICE:</b>				
Principal.....	3,275,000	3,275,000	3,275,000	-
Interest.....	1,176,550	1,172,201	1,095,489	76,712
<b>TOTAL DEBT SERVICE.....</b>	<b>4,451,550</b>	<b>4,447,201</b>	<b>4,370,489</b>	<b>76,712</b>
<b>TOTAL EXPENDITURES.....</b>	<b>\$ 90,188,516</b>	<b>\$ 90,188,516</b>	<b>\$ 88,630,520</b>	<b>\$ 1,557,996</b>

(Concluded)

TOWN OF EAST HAVEN, CONNECTICUT

REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2017

GRAND LIST YEAR	Uncollected Taxes July 1, 2016	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED AMOUNT COLLECTIBLE	COLLECTIONS			Uncollected Taxes June 30, 2107
			ADDITIONS	DEDUCTIONS			TAXES	INTEREST & LIEN FEES	TOTAL	
2000	\$ 25,193	\$ -	\$ -	\$ 25,193	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2001	28,923	-	-	-	-	28,923	10	50	60	28,913
2002	24,989	-	-	-	610	24,379	10	49	59	24,369
2003	60,161	-	-	-	35,178	24,983	10	47	57	24,973
2004	69,597	-	-	-	41,016	28,581	10	47	57	28,571
2005	72,991	-	-	-	38,480	34,511	11	46	57	34,500
2006	87,493	-	-	-	16,873	70,620	6	36	42	70,614
2007	91,462	-	-	-	-	91,462	257	78	335	91,205
2008	102,509	-	-	137	-	102,372	4,402	4,313	8,715	97,970
2009	218,331	-	-	161	408	217,762	1,862	2,125	3,987	215,900
2010	287,212	-	18	599	-	286,631	30,381	7,766	38,147	256,250
2011	197,912	-	43	697	43	197,215	9,738	32,617	42,355	187,477
2012	293,087	-	37,278	3,446	246	326,673	57,419	8,757	66,176	269,254
2013	498,156	-	2,312	11,026	742	488,700	113,428	28,457	141,885	375,272
2014	1,305,042	-	9,005	36,594	208,368	1,069,085	596,622	130,723	727,345	472,463
Total Prior Years	3,363,058	-	48,656	77,853	341,964	2,991,897	814,166	215,111	1,029,277	2,177,731
2015	-	63,602,084	483,132	261,534	4,122	63,819,560	62,441,210	245,852	62,687,062	1,378,350
<b>TOTAL</b>	<b>\$ 3,363,058</b>	<b>\$ 63,602,084</b>	<b>\$ 531,788</b>	<b>\$ 339,387</b>	<b>\$ 346,086</b>	<b>\$ 66,811,457</b>	<b>63,255,376</b>	<b>460,963</b>	<b>63,716,339</b>	<b>\$ 3,556,081</b>

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# Nonmajor Governmental Funds

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## Special Revenue Funds

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

Public Safety

Historical Documents Preservation

Economic Development

Town Pool Repair

Open Space

Workforce Alliance

Marine Enforcement Grants

Public Works State Aid

FEMA

East Haven Kennel Club

Small Cities

Dog Licenses

Senior Center

Teen Center

Hagaman Memorial Library

Health and Welfare

Emergency Management Fund

Daycare

Athletic Department

High School Rental

School Lunch

Adult Education

Education Grants

# **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

## **Capital Projects Funds**

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

LOCIP

LOCIP Town Clerk Fees

## **Permanent Funds**

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

J. Woodward Thompson Education Fund

Library Fund

Library Building Project

Isaac Hagaman Library Fund

A. J. Berman Library Fund

**TOWN OF EAST HAVEN, CONNECTICUT**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

SPECIAL REVENUE FUNDS

	PUBLIC SAFETY	HISTORICAL DOCUMENTS PRESERVATION	ECONOMIC DEVELOPMENT	TOWN POOL REPAIR	OPEN SPACE	MARINE ENFORCEMENT GRANTS
<u>ASSETS</u>						
Cash.....	\$ 7,104	\$	\$	\$	\$	\$
Investments.....						
Receivables:						
Intergovernmental.....						
Other.....	1,219	96		130		
Due from other funds.....	16,985	21,317	980	2,077	45,000	6,364
<b>TOTAL ASSETS.....</b>	<b>\$ 25,308</b>	<b>\$ 21,413</b>	<b>\$ 980</b>	<b>\$ 2,207</b>	<b>\$ 45,000</b>	<b>\$ 6,364</b>
<u>LIABILITIES</u>						
Accounts payable.....	\$ 579	\$	\$	\$	\$	\$
Accrued payroll.....						
Due to other funds.....						
Unearned revenue.....	4,650					
<b>TOTAL LIABILITIES.....</b>	<b>5,229</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>FUND BALANCES</u>						
Nonspendable.....						
Restricted.....	20,079	21,413				6,364
Committed.....						
Assigned.....			980	2,207	45,000	
Unassigned.....						
<b>TOTAL FUND BALANCES.....</b>	<b>20,079</b>	<b>21,413</b>	<b>980</b>	<b>2,207</b>	<b>45,000</b>	<b>6,364</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 25,308</b>	<b>\$ 21,413</b>	<b>\$ 980</b>	<b>\$ 2,207</b>	<b>\$ 45,000</b>	<b>\$ 6,364</b>

(Continued)

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

	SPECIAL REVENUE FUNDS					
	PUBLIC WORKS STATE AID	EAST HAVEN KENNEL CLUB	SMALL CITIES	DOG LICENSES	SENIOR CENTER	TEEN CENTER
<u>ASSETS</u>						
Cash.....	\$	\$	\$ 66,260	\$	\$ 8,740	\$
Investments.....						
Receivables:						
Intergovernmental.....				1,177		
Other.....				19,006		
Due from other funds.....	313,350	19,451				5,853
<b>TOTAL ASSETS.....</b>	<b>\$ 313,350</b>	<b>\$ 19,451</b>	<b>\$ 66,260</b>	<b>\$ 20,183</b>	<b>\$ 8,740</b>	<b>\$ 5,853</b>
<u>LIABILITIES</u>						
Accounts payable.....	\$ 5,237	\$ 2,681	\$	\$ 7,078	\$	\$
Accrued payroll.....						
Due to other funds.....						
Unearned revenue.....						
<b>TOTAL LIABILITIES.....</b>	<b>5,237</b>	<b>2,681</b>	<b>-</b>	<b>7,078</b>	<b>-</b>	<b>-</b>
<u>FUND BALANCES</u>						
Nonspendable.....						
Restricted.....	308,113		66,260		8,740	
Committed.....						
Assigned.....		16,770		13,105		5,853
Unassigned.....						
<b>TOTAL FUND BALANCES.....</b>	<b>308,113</b>	<b>16,770</b>	<b>66,260</b>	<b>13,105</b>	<b>8,740</b>	<b>5,853</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 313,350</b>	<b>\$ 19,451</b>	<b>\$ 66,260</b>	<b>\$ 20,183</b>	<b>\$ 8,740</b>	<b>\$ 5,853</b>

(Continued)

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

SPECIAL REVENUE FUNDS

	HAGAMAN MEMORIAL LIBRARY	HEALTH AND WELFARE	EMERGENCY MANAGEMENT FUND	DAYCARE	ATHLETIC DEPARTMENT
<u>ASSETS</u>					
Cash.....	\$ 102,094	\$ 4	\$	\$ 15,833	\$ 19,527
Investments.....					
Receivables:					
Intergovernmental.....		184			
Other.....					
Due from other funds.....		176,754	195		
<b>TOTAL ASSETS.....</b>	<b>\$ 102,094</b>	<b>\$ 176,942</b>	<b>\$ 195</b>	<b>\$ 15,833</b>	<b>\$ 19,527</b>
<u>LIABILITIES</u>					
Accounts payable.....	\$ 1,436	\$ 20,221	\$	\$	\$
Accrued payroll.....				15,554	
Due to other funds.....				45,284	
Unearned revenue.....					
<b>TOTAL LIABILITIES.....</b>	<b>1,436</b>	<b>20,221</b>	<b>-</b>	<b>60,838</b>	<b>-</b>
<u>FUND BALANCES</u>					
Nonspendable.....					
Restricted.....			195		
Committed.....		156,721			
Assigned.....	100,658				19,527
Unassigned.....				(45,005)	
<b>TOTAL FUND BALANCES.....</b>	<b>100,658</b>	<b>156,721</b>	<b>195</b>	<b>(45,005)</b>	<b>19,527</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 102,094</b>	<b>\$ 176,942</b>	<b>\$ 195</b>	<b>\$ 15,833</b>	<b>\$ 19,527</b>

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(Continued)



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

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS
	HIGH SCHOOL RENTAL	SCHOOL LUNCH	ADULT EDUCATION	EDUCATION GRANTS	TOTAL SPECIAL REVENUE FUNDS	LOCIP TOWN CLERK FEES
<u>ASSETS</u>						
Cash.....	\$ 191,012	\$ 81,784	\$ 53,816	\$ 1,015,801	\$ 1,561,975	\$
Investments.....	549				549	
Receivables:						
Intergovernmental.....		121,705		300,949	422,838	
Other.....					2,622	99
Due from other funds.....					627,332	119,182
Other.....	2,500	36,285			38,785	
<b>TOTAL ASSETS.....</b>	<b>\$ 194,061</b>	<b>\$ 239,774</b>	<b>\$ 53,816</b>	<b>\$ 1,316,750</b>	<b>\$ 2,654,101</b>	<b>\$ 119,281</b>
<u>LIABILITIES</u>						
Accounts payable.....	\$ 85	\$ 441,061	\$	\$ 195,515	\$ 673,893	\$
Accrued payroll.....	3,882			210,729	230,165	
Due to other funds.....	810			236,784	282,878	
Unearned revenue.....		13,728		105,635	124,013	
<b>TOTAL LIABILITIES.....</b>	<b>4,777</b>	<b>454,789</b>	<b>-</b>	<b>748,663</b>	<b>1,310,949</b>	<b>-</b>
<u>FUND BALANCES</u>						
Nonspendable.....					-	
Restricted.....	189,284		53,816		665,524	
Committed.....				568,087	733,548	119,281
Assigned.....					204,100	
Unassigned.....		(215,015)			(260,020)	
<b>TOTAL FUND BALANCES.....</b>	<b>189,284</b>	<b>(215,015)</b>	<b>53,816</b>	<b>568,087</b>	<b>1,343,152</b>	<b>119,281</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 194,061</b>	<b>\$ 239,774</b>	<b>\$ 53,816</b>	<b>\$ 1,316,750</b>	<b>\$ 2,654,101</b>	<b>\$ 119,281</b>

(Continued)

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

PERMANENT FUNDS

	J. WOODWARD THOMPSON EDUCATION FUND	LIBRARY FUND	LIBRARY BUILDING PROJECT	ISAAC HAGAMAN LIBRARY FUND	A. J. BERMAN LIBRARY FUND	TOTAL PERMANENT FUNDS	TOTAL
<u>ASSETS</u>							
Cash.....	\$	\$	\$	\$	\$	\$	\$
Investments.....	422,112	17,760	17,130	1,228,885	27,155	34,890	1,596,865
Receivables:						1,678,152	1,678,701
Intergovernmental.....						-	422,838
Other.....						-	2,721
Due from other funds.....						-	746,514
Other.....						-	38,785
<b>TOTAL ASSETS.....</b>	<b>\$ 422,112</b>	<b>\$ 17,760</b>	<b>\$ 17,130</b>	<b>\$ 1,228,885</b>	<b>\$ 27,155</b>	<b>\$ 1,713,042</b>	<b>\$ 4,486,424</b>
<u>LIABILITIES</u>							
Accounts payable.....	\$	\$	\$	\$	\$	\$	\$
Accrued payroll.....						-	673,893
Due to other funds.....						-	230,165
Unearned revenue.....						-	282,878
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,310,949</b>
<u>FUND BALANCES</u>							
Nonspendable.....				100,000		100,000	100,000
Restricted.....	422,112	17,760	17,130	1,128,885	27,155	1,613,042	2,278,566
Committed.....						-	852,829
Assigned.....						-	204,100
Unassigned.....						-	(260,020)
<b>TOTAL FUND BALANCES.....</b>	<b>422,112</b>	<b>17,760</b>	<b>17,130</b>	<b>1,228,885</b>	<b>27,155</b>	<b>1,713,042</b>	<b>3,175,475</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>\$ 422,112</b>	<b>\$ 17,760</b>	<b>\$ 17,130</b>	<b>\$ 1,228,885</b>	<b>\$ 27,155</b>	<b>\$ 1,713,042</b>	<b>\$ 4,486,424</b>

(Concluded)

**TOWN OF EAST HAVEN, CONNECTICUT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS						
	PUBLIC SAFETY	HISTORICAL DOCUMENTS PRESERVATION	ECONOMIC DEVELOPMENT	TOWN POOL REPAIR	OPEN SPACE	WORKFORCE ALLIANCE	MARINE ENFORCEMENT GRANTS
REVENUES:							
Charges for services.....	\$ 8,899	\$ 13,450	\$	\$ 967	\$	\$	\$
Intergovernmental.....	22,915	5,000				26,293	
Investment income.....							
Contributions.....	1,664						
TOTAL REVENUES.....	33,478	18,450	-	967	-	26,293	-
EXPENDITURES:							
Current:							
General government.....		19,577					
Public safety.....	41,440						-
Public works.....							
Culture and recreation.....				3,164			
Health and welfare.....						26,293	
Education.....							
Capital outlay.....							
TOTAL EXPENDITURES.....	41,440	19,577	-	3,164	-	26,293	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(7,962)	(1,127)	-	(2,197)	-	-	-
OTHER FINANCING SOURCES (USES):							
Transfers in.....							
Transfers out.....							
NET OTHER FINANCING SOURCES (USES).....	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(7,962)	(1,127)	-	(2,197)	-	-	-
FUND BALANCES, JULY 1, 2016.....	28,041	22,540	980	4,404	45,000	-	6,364
FUND BALANCES, JUNE 30, 2017.....	\$ 20,079	\$ 21,413	\$ 980	\$ 2,207	\$ 45,000	\$ -	\$ 6,364

(Continued)

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

	SPECIAL REVENUE FUNDS				
	PUBLIC WORKS STATE AID	FEMA	EAST HAVEN KENNEL CLUB	SMALL CITIES	DOG LICENSES
REVENUES:					
Charges for services.....	\$	\$	\$	\$	\$
Intergovernmental.....	489,218	37,500	19,586	19,848	13,521
Investment income.....					
Contributions.....					
<b>TOTAL REVENUES.....</b>	<b>489,218</b>	<b>37,500</b>	<b>19,586</b>	<b>19,848</b>	<b>13,521</b>
EXPENDITURES:					
Current:					
General government.....			19,292		20,697
Public safety.....		37,500			
Public works.....	270,180			2,835	
Culture and recreation.....					
Health and welfare.....					
Education.....					
Capital outlay.....					
<b>TOTAL EXPENDITURES.....</b>	<b>270,180</b>	<b>37,500</b>	<b>19,292</b>	<b>2,835</b>	<b>20,697</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	219,038	-	294	17,013	(7,176)
OTHER FINANCING SOURCES (USES):					
Transfers in.....			2,000		
Transfers out.....					(2,000)
<b>NET OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>(2,000)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>219,038</b>	<b>-</b>	<b>2,294</b>	<b>17,013</b>	<b>(9,176)</b>
FUND BALANCES, JULY 1, 2016.....	89,075	-	14,476	49,247	22,281
<b>FUND BALANCES, JUNE 30, 2017.....</b>	<b>\$ 308,113</b>	<b>\$ -</b>	<b>\$ 16,770</b>	<b>\$ 66,260</b>	<b>\$ 13,105</b>

(Continued)

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

	SPECIAL REVENUE FUNDS				
	SENIOR CENTER	TEEN CENTER	HAGAMAN MEMORIAL LIBRARY	HEALTH AND WELFARE	EMERGENCY MANAGEMENT FUND
REVENUES:					
Charges for services.....	\$ 33,361	\$	\$ 22,950	\$ 72,106	\$
Intergovernmental.....				50,081	
Investment income.....			126,344		
Contributions.....					
<b>TOTAL REVENUES.....</b>	<b>33,361</b>	<b>-</b>	<b>149,294</b>	<b>122,187</b>	<b>-</b>
EXPENDITURES:					
Current:					
General government.....					
Public safety.....				59,326	
Public works.....					
Culture and recreation.....	35,350		108,638	21,843	
Health and welfare.....				34,238	
Education.....					
Capital outlay.....					
<b>TOTAL EXPENDITURES.....</b>	<b>35,350</b>	<b>-</b>	<b>108,638</b>	<b>115,407</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(1,989)</b>	<b>-</b>	<b>40,656</b>	<b>6,780</b>	<b>-</b>
OTHER FINANCING SOURCES (USES):					
Transfers in.....					
Transfers out.....				-	
<b>NET OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(1,989)</b>	<b>-</b>	<b>40,656</b>	<b>6,780</b>	<b>-</b>
FUND BALANCES, JULY 1, 2016.....	10,729	5,853	60,002	149,941	195
<b>FUND BALANCES, JUNE 30, 2017.....</b>	<b>\$ 8,740</b>	<b>\$ 5,853</b>	<b>\$ 100,658</b>	<b>\$ 156,721</b>	<b>\$ 195</b>

(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	
<b>REVENUES:</b>							
Charges for services.....	\$ 349,230	\$ 76,193	\$ 173,369	\$ 414,340	\$ 14,080	\$ 145,001	\$ 1,376,901
Intergovernmental.....				840,328		6,197,609	7,668,944
Investment income.....							126,344
Change in fair value of investments.....			(480)				(480)
Contributions.....						29,457	31,121
<b>TOTAL REVENUES.....</b>	<b>349,230</b>	<b>76,193</b>	<b>172,889</b>	<b>1,254,668</b>	<b>14,080</b>	<b>6,372,067</b>	<b>9,202,830</b>
<b>EXPENDITURES:</b>							
Current:							
General government.....							59,566
Public safety.....							138,266
Public works.....							273,015
Culture and recreation.....							168,995
Health and welfare.....							60,531
Education.....	380,114	80,420	91,346	1,238,702	24,460	6,267,162	8,082,204
Capital outlay.....							-
<b>TOTAL EXPENDITURES.....</b>	<b>380,114</b>	<b>80,420</b>	<b>91,346</b>	<b>1,238,702</b>	<b>24,460</b>	<b>6,267,162</b>	<b>8,782,577</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(30,884)</b>	<b>(4,227)</b>	<b>81,543</b>	<b>15,966</b>	<b>(10,380)</b>	<b>104,905</b>	<b>420,253</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in.....							2,000
Transfers out.....							(2,000)
<b>NET OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(30,884)</b>	<b>(4,227)</b>	<b>81,543</b>	<b>15,966</b>	<b>(10,380)</b>	<b>104,905</b>	<b>420,253</b>
<b>FUND BALANCES, JULY 1, 2016.....</b>	<b>(14,121)</b>	<b>23,754</b>	<b>107,741</b>	<b>(230,981)</b>	<b>64,196</b>	<b>463,182</b>	<b>922,899</b>
<b>FUND BALANCES, JUNE 30, 2017.....</b>	<b>\$ (45,005)</b>	<b>\$ 19,527</b>	<b>\$ 189,284</b>	<b>\$ (215,015)</b>	<b>\$ 53,816</b>	<b>\$ 568,087</b>	<b>\$ 1,343,152</b>

(Continued)

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

	CAPITAL PROJECT FUNDS		
	LOCIP	LOCIP TOWN CLERK FEES	TOTAL CAPITAL PROJECTS FUNDS
REVENUES:			
Charges for services.....	\$	\$ 12,459	\$ 12,459
Intergovernmental.....	7,615		7,615
Investment income.....			-
Change in fair value of investments.....			-
Contributions.....			-
<b>TOTAL REVENUES.....</b>	<b>7,615</b>	<b>12,459</b>	<b>20,074</b>
EXPENDITURES:			
Current:			
General government.....			-
Public safety.....			-
Public works.....			-
Culture and recreation.....			-
Health and welfare.....			-
Education.....			-
Capital outlay.....	7,615		7,615
<b>TOTAL EXPENDITURES.....</b>	<b>7,615</b>	<b>-</b>	<b>7,615</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	-	12,459	12,459
OTHER FINANCING SOURCES (USES):			
Transfers in.....			-
Transfers out.....			-
<b>NET OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>-</b>	<b>12,459</b>	<b>12,459</b>
FUND BALANCES, JULY 1, 2016.....	-	106,822	106,822
<b>FUND BALANCES, JUNE 30, 2017.....</b>	<b>\$ -</b>	<b>\$ 119,281</b>	<b>\$ 119,281</b>

(Continued)

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

	PERMANENT FUNDS						TOTAL
	J. WOODWARD THOMPSON EDUCATION FUND	LIBRARY FUND	LIBRARY BUILDING PROJECT	ISAAC HAGAMAN LIBRARY FUND	A. J. BERMAN LIBRARY FUND	TOTAL PERMANENT FUNDS	
REVENUES:							
Charges for services.....	\$	\$	\$	\$	\$	-	\$ 1,389,360
Intergovernmental.....						-	7,676,559
Investment income.....	2,119	10		22,548	53	24,730	151,074
Change in fair value of investments.....				114,086	4,139	118,225	117,745
Contributions.....		980	6,705	194		7,879	39,000
<b>TOTAL REVENUES.....</b>	<b>2,119</b>	<b>990</b>	<b>6,705</b>	<b>136,828</b>	<b>4,192</b>	<b>150,834</b>	<b>9,373,738</b>
EXPENDITURES:							
Current:							
General government.....						-	59,566
Public safety.....						-	138,266
Public works.....						-	273,015
Culture and recreation.....		490	3,365	62,894		66,749	235,744
Health and welfare.....						-	60,531
Education.....						-	8,082,204
Capital outlay.....						-	7,615
<b>TOTAL EXPENDITURES.....</b>	<b>-</b>	<b>490</b>	<b>3,365</b>	<b>62,894</b>	<b>-</b>	<b>66,749</b>	<b>8,856,941</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>2,119</b>	<b>500</b>	<b>3,340</b>	<b>73,934</b>	<b>4,192</b>	<b>84,085</b>	<b>516,797</b>
OTHER FINANCING SOURCES (USES):							
Transfers in.....						-	2,000
Transfers out.....						-	(2,000)
<b>NET OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>2,119</b>	<b>500</b>	<b>3,340</b>	<b>73,934</b>	<b>4,192</b>	<b>84,085</b>	<b>516,797</b>
FUND BALANCES, JULY 1, 2016.....	419,993	17,260	13,790	1,154,951	22,963	1,628,957	2,658,678
<b>FUND BALANCES, JUNE 30, 2017.....</b>	<b>\$ 422,112</b>	<b>\$ 17,760</b>	<b>\$ 17,130</b>	<b>\$ 1,228,885</b>	<b>\$ 27,155</b>	<b>\$ 1,713,042</b>	<b>\$ 3,175,475</b>

(Concluded)



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# Internal Service Funds

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

## **Self-Insurance Fund**

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, CONNECTICUT**

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 JUNE 30, 2017

	SELF- INSURANCE FUND	WORKERS' COMPENSATION FUND	MEDICAL INSURANCE FUND	TOTAL
<b><u>ASSETS</u></b>				
Current assets:				
Cash.....	\$ -	\$ -	\$ 2,240,110	\$ 2,240,110
Investments.....	791,316	-	-	791,316
Accounts receivable.....	-	-	317,078	317,078
Due from other funds.....	-	3,480,026	4,607,147	8,087,173
Other.....	-	112,325	-	112,325
<b>TOTAL ASSETS.....</b>	<b>791,316</b>	<b>3,592,351</b>	<b>7,164,335</b>	<b>11,548,002</b>
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Claims and judgments payable.....	200,000	3,972,639	1,062,000	5,234,639
Due to other funds.....	654,633	-	-	654,633
<b>Total current liabilities.....</b>	<b>854,633</b>	<b>3,972,639</b>	<b>1,062,000</b>	<b>5,889,272</b>
Noncurrent liability:				
Claims and judgments payable.....	2,265,601	6,414,762	-	8,680,363
<b>TOTAL LIABILITIES.....</b>	<b>3,120,234</b>	<b>10,387,401</b>	<b>1,062,000</b>	<b>14,569,635</b>
<b><u>NET POSITION</u></b>				
Unrestricted.....	\$ (2,328,918)	\$ (6,795,050)	\$ 6,102,335	\$ (3,021,633)

**TOWN OF EAST HAVEN, CONNECTICUT**

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2017

	SELF- INSURANCE FUND	WORKERS' COMPENSATION FUND	MEDICAL INSURANCE FUND	TOTAL
<b>OPERATING REVENUES:</b>				
Charges for services.....	\$ 214,720	\$ 2,854,109	\$ 16,283,927	\$ 19,352,756
<b>OPERATING EXPENSES:</b>				
Claims.....	(3,257,958)	1,431,416	12,024,194	10,197,652
Administration.....	-	-	1,719,927	1,719,927
<b>TOTAL OPERATING EXPENSES.....</b>	<b>(3,257,958)</b>	<b>1,431,416</b>	<b>13,744,121</b>	<b>11,917,579</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>3,472,678</b>	<b>1,422,693</b>	<b>2,539,806</b>	<b>7,435,177</b>
<b>NONOPERATING REVENUES:</b>				
Investment income.....	-	-	4,265	4,265
<b>CHANGE IN NET POSITION.....</b>	<b>3,472,678</b>	<b>1,422,693</b>	<b>2,544,071</b>	<b>7,439,442</b>
<b>TOTAL NET POSITION - JULY 1, 2016.....</b>	<b>(5,801,596)</b>	<b>(8,217,743)</b>	<b>3,558,264</b>	<b>(10,461,075)</b>
<b>TOTAL NET POSITION - JUNE 30, 2017.....</b>	<b>\$ (2,328,918)</b>	<b>\$ (6,795,050)</b>	<b>\$ 6,102,335</b>	<b>\$ (3,021,633)</b>

TOWN OF EAST HAVEN, CONNECTICUT

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2017

	SELF- INSURANCE FUND	WORKERS' COMPENSATION FUND	MEDICAL INSURANCE FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Premiums received.....	\$ 214,720	\$ 2,354,075	\$ 13,548,865	\$ 16,117,660
Payments to vendors.....			(1,719,927)	(1,719,927)
Payments for claims.....	(210,747)	(2,354,075)	(11,988,194)	(14,553,016)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....</b>	<b>3,973</b>	<b>-</b>	<b>(159,256)</b>	<b>(155,283)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Income on investments.....	-	-	4,265	4,265
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.</b>	<b>3,973</b>	<b>-</b>	<b>(154,991)</b>	<b>(151,018)</b>
CASH AND CASH EQUIVALENTS - JULY 1, 2016.....	787,343		2,395,101	3,182,444
CASH AND CASH EQUIVALENTS - JUNE 30, 2017.....	\$ 791,316	\$ -	\$ 2,240,110	\$ 3,031,426
<b>RECONCILIATION TO STATEMENT OF NET POSITION CASH:</b>				
Cash and cash equivalents per above.....	\$ 791,316	\$ -	\$ 2,240,110	\$ 3,031,426
Cash and cash equivalents reported as investments.....	(791,316)	-		(791,316)
<b>STATEMENT OF NET POSITION CASH.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,240,110</b>	<b>\$ 2,240,110</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss).....	\$ 3,472,678	\$ 1,422,693	\$ 2,539,806	\$ 7,435,177
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in:				
Accounts receivable.....	-	-	(140,066)	(140,066)
Due from other funds.....	(179,080)	(553,293)	(2,594,996)	(3,327,369)
Other asset.....	-	53,259	-	53,259
Increase (decrease) in:				
Claims and judgments payable.....	(3,289,625)	(922,659)	36,000	(4,176,284)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.....</b>	<b>\$ 3,973</b>	<b>\$ -</b>	<b>\$ (159,256)</b>	<b>\$ (155,283)</b>

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# Fiduciary Funds

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

## **PRIVATE-PURPOSE TRUST FUNDS**

### **Shinder Scholarship Fund**

To account for the named scholarship fund activity.

### **Patsy Dilungo Scholarship Fund**

To account for the named scholarship fund activity.

### **Jan Stopka Scholarship Fund**

To account for the named scholarship fund activity.

## **AGENCY FUNDS**

### **Student Activities**

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

### **Flex Spending**

To account for the Town employees' flex spending plan activity.

### **Library HSA**

To account for the Library employees' HSA plan activity.

### **Performance Bonds**

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

**TOWN OF EAST HAVEN, CONNECTICUT**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2017

	<u>PRIVATE-PURPOSE TRUST FUNDS</u>			
	SHINDER SCHOLARSHIP FUND	PATSY DILUNGO SCHOLARSHIP FUND	JAN STOPKA SCHOLARSHIP FUND	TOTAL PRIVATE- PURPOSE TRUST FUNDS
<u>ASSETS</u>				
Cash.....	\$ -	\$ 27,310	\$ -	\$ 27,310
Investments.....	41,057	-	26,743	67,800
TOTAL ASSETS.....	<u>\$ 41,057</u>	<u>\$ 27,310</u>	<u>\$ 26,743</u>	<u>\$ 95,110</u>
<u>NET POSTION</u>				
Restricted for individuals.....	<u>\$ 41,057</u>	<u>\$ 27,310</u>	<u>\$ 26,743</u>	<u>\$ 95,110</u>

**TOWN OF EAST HAVEN, CONNECTICUT**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	PRIVATE-PURPOSE TRUST FUNDS			
	SHINDER SCHOLARSHIP FUND	PATSY DILUNGO SCHOLARSHIP FUND	JAN STOPKA SCHOLARSHIP FUND	TOTAL PRIVATE- PURPOSE TRUST FUNDS
ADDITIONS:				
Interest and dividends.....	\$ 35	\$ 2	\$ 38	\$ 75
DEDUCTIONS:				
Scholarships awarded.....	1,000	-	-	1,000
CHANGE IN NET POSITION.....	(965)	2	38	(925)
TOTAL NET POSITION, JULY 1, 2016.....	42,022	27,308	26,705	96,035
TOTAL NET POSITION, JUNE 30, 2017.....	\$ 41,057	\$ 27,310	\$ 26,743	\$ 95,110

TOWN OF EAST HAVEN, CONNECTICUT

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2017

	BALANCE JULY 1, 2016	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2017
<u>ASSETS</u>				
CASH:				
<u>Student Activity Funds:</u>				
East Haven High School Activity Fund.....	\$ 89,722	\$ 153,216	\$ 144,374	\$ 98,564
Joseph Melillo Middle School Activity Fund.....	5,880	55,517	53,502	7,895
Deer Run Student Activity Fund.....	4,191	4,475	4,684	3,982
Ferrara Student Activity Fund.....	1,222	8,843	8,744	1,321
General Activity Fund.....	4,198	-	4,198	-
EH School Fund.....	1,785	-	-	1,785
EH Highland School.....	9,015	2	-	9,017
Tuttle School.....	513	6,319	5,558	1,274
Overbrook Early Learning Center.....	-	3,327	201	3,126
Flex Spending.....	16,333	19,829	19,599	16,563
Library HSA.....	6,894	16,500	13,280	10,114
Performance bonds.....	919	-	40	879
TOTAL CASH.....	140,672	268,028	254,180	154,520
INVESTMENTS:				
East Haven High School Activity Fund.....	27,183	3	-	27,186
TOTAL ASSETS.....	\$ 167,855	\$ 268,031	\$ 254,180	\$ 181,706
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
<u>Student Activity Funds:</u>				
East Haven High School Activity Fund.....	\$ 116,905	\$ 153,219	\$ 144,374	\$ 125,750
Joseph Melillo Middle School Activity Fund.....	5,880	55,517	53,502	7,895
Deer Run Student Activity Fund.....	4,191	4,475	4,684	3,982
Ferrara Student Activity Fund.....	1,222	8,843	8,744	1,321
General Activity Fund.....	4,198	-	4,198	-
EH School Fund.....	1,785	-	-	1,785
EH Highland School.....	9,015	2	-	9,017
Tuttle School.....	513	6,319	5,558	1,274
Overbrook Early Learning Center.....	-	3,327	201	3,126
Flex Spending.....	16,333	19,829	19,599	16,563
Library HSA.....	6,894	16,500	13,280	10,114
Performance bonds.....	919	-	40	879
TOTAL ACCOUNTS PAYABLE.....	\$ 167,855	\$ 268,031	\$ 254,180	\$ 181,706



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# Trend Data

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**TOWN OF EAST HAVEN, CONNECTICUT**

NET POSITION BY COMPONENT  
LAST TEN YEARS  
(UNAUDITED)

	FOR THE FISCAL YEAR									
	2017	2016	2015 (as restated)	2014	2013	2012	2011	(1) 2010	2009	2008
Net Investment in capital assets.....	\$ 54,831,555	\$ 54,687,757	\$ 54,538,832	\$ 52,762,397	\$ 51,037,398	\$ 48,709,002	\$ 44,377,039	\$ 35,996,442	\$ 36,790,597	\$ 37,516,717
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.....	1,613,042	1,528,957	1,616,073	1,674,276	1,567,686	1,669,073	1,877,310	1,701,821	1,729,333	1,963,496
General government.....						16,228	22,348	51,918		
Grant programs.....	402,150	167,226	224,418	69,256	210,138					
Public safety.....	20,274	28,236	25,076	21,975	50,702	40,216	61,789	82,460		
Public works.....						62,109	110,505	87,883		
Education.....	243,100	171,937	132,147	81,604	74,143	142,268	99,547	59,809		
Unrestricted.....	(24,041,765)	(29,130,547)	(24,899,555)	(32,618,468)	(20,675,727)	(14,803,563)	(8,086,441)	(7,633,521)	(30,438)	15,914,574
<b>TOTAL NET POSITION.....</b>	<b>\$ 33,168,356</b>	<b>\$ 27,553,566</b>	<b>\$ 31,736,991</b>	<b>\$ 22,091,040</b>	<b>\$ 32,364,340</b>	<b>\$ 35,935,333</b>	<b>\$ 38,562,097</b>	<b>\$ 30,446,812</b>	<b>\$ 38,589,492</b>	<b>\$ 55,494,787</b>

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

**TOWN OF EAST HAVEN, CONNECTICUT**

CHANGES IN NET POSITION  
LAST TEN YEARS  
(UNAUDITED)

	FOR THE FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>EXPENSES:</b>										
Governmental activities:										
General government.....	\$ 4,420,083	\$ 4,573,742	\$ 4,487,048	\$ 4,569,185	\$ 5,554,632	\$ 5,239,574	\$ 5,646,738	\$ 5,905,126	\$ 7,585,922	\$ 5,517,911
Public safety.....	14,930,997	20,167,431	19,419,729	20,060,343	21,286,890	19,531,501	14,694,490	13,668,386	13,860,530	14,949,291
Public works.....	7,896,236	9,284,044	8,361,845	8,836,442	9,403,321	9,957,576	9,312,188	10,402,985	9,799,512	8,709,675
Culture and recreation.....	2,416,107	2,514,190	2,531,765	2,419,910	2,480,332	2,538,126	2,707,752	2,670,130	2,969,521	2,506,521
Health and welfare.....	1,428,002	1,486,625	1,302,182	1,662,460	1,963,182	1,988,889	2,736,590	2,433,413	2,510,330	1,487,119
Education.....	67,507,850	65,203,368	60,805,829	62,587,934	57,965,388	58,978,842	55,340,891	57,924,242	57,168,425	59,780,686
Interest expense.....	944,761	1,158,231	1,467,224	1,752,349	1,812,284	2,124,579	2,201,822	2,450,938	2,163,201	2,451,064
<b>TOTAL EXPENSES.....</b>	<b>99,544,036</b>	<b>104,387,631</b>	<b>98,375,622</b>	<b>101,888,623</b>	<b>100,466,029</b>	<b>100,359,087</b>	<b>92,640,471</b>	<b>95,455,220</b>	<b>96,057,441</b>	<b>95,402,267</b>
<b>PROGRAM REVENUES:</b>										
Governmental activities:										
Charges for services:										
General government.....	490,447	493,847	501,595	404,022	819,450	799,212	981,806	994,031	1,005,818	1,145,877
Public safety.....	580,678	768,586	855,473	556,395	597,263	715,801	651,684	864,981	717,495	784,725
Public works.....	300,614	299,185	265,860	256,565	253,482	211,734	164,944	174,740	177,137	266,067
Culture and recreation.....	500,631	497,181	497,191	495,828	439,414	443,601	599,630	563,289	554,137	500,184
Health and welfare.....	307,195	298,403	246,843	323,616	222,330	223,679	292,526	327,637	239,590	214,861
Education.....	1,140,545	1,116,049	1,244,761	2,465,337	1,699,666	1,661,315	1,677,875	1,817,360	709,799	848,760
Operating grants and contributions.....	34,998,871	30,819,650	29,716,676	30,937,361	28,911,829	29,707,082	26,793,155	27,083,953	27,325,227	33,285,847
Capital grants and contributions.....	57,206	331,519	331,519	639,485	789,422	1,178,046	4,791,019	1,924,549	508,202	462,595
<b>TOTAL PROGRAM REVENUES.....</b>	<b>38,376,187</b>	<b>34,624,420</b>	<b>33,659,918</b>	<b>36,078,609</b>	<b>33,732,856</b>	<b>34,940,470</b>	<b>35,952,639</b>	<b>33,750,540</b>	<b>31,237,405</b>	<b>37,508,916</b>
<b>NET REVENUE (EXPENSES).....</b>	<b>(61,167,849)</b>	<b>(69,763,211)</b>	<b>(64,715,704)</b>	<b>(65,804,611)</b>	<b>(66,733,173)</b>	<b>(65,418,617)</b>	<b>(56,687,832)</b>	<b>(61,704,680)</b>	<b>(64,820,036)</b>	<b>(57,893,351)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:</b>										
Property taxes.....	64,860,332	64,515,021	64,585,031	62,223,623	61,295,638	61,176,525	61,534,772	51,739,961	50,750,056	49,901,476
Grants and contributions not restricted to specific programs.....	1,470,420	897,510	1,039,493	990,995	1,180,008	1,262,527	924,343	956,185	1,671,362	1,203,035
Investment income.....	373,983	43,120	147,232	313,667	237,361	96,601	378,759	270,295	(316,533)	407,672
Gain on sale of assets.....	-	-	-	-	-	-	1,672,168	-	-	-
Miscellaneous.....	77,904	124,135	129,870	186,932	449,173	256,200	293,075	595,559	1,022,800	68,023
<b>TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION.....</b>	<b>66,782,639</b>	<b>65,579,786</b>	<b>65,901,626</b>	<b>63,715,217</b>	<b>63,162,180</b>	<b>62,791,853</b>	<b>64,803,117</b>	<b>53,562,000</b>	<b>53,127,685</b>	<b>51,580,206</b>
<b>CHANGE IN NET POSITION.....</b>	<b>\$ 5,614,790</b>	<b>\$ (4,183,425)</b>	<b>\$ 1,185,922</b>	<b>\$ (2,089,394)</b>	<b>\$ (3,570,993)</b>	<b>\$ (2,626,764)</b>	<b>\$ 8,115,285</b>	<b>\$ (8,142,680)</b>	<b>\$ (11,692,351)</b>	<b>\$ (6,313,145)</b>

**TOWN OF EAST HAVEN, CONNECTICUT**

SCHEDULE OF DEBT LIMITATION  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

Total tax collections (including interest and lien fees) for current year.....	\$ 63,716,339
Reimbursement for revenue loss on:	
Tax relief for elderly freeze.....	4,000
<b>BASE FOR DEBT LIMITATION COMPUTATION.....</b>	<b><u>\$ 63,720,339</u></b>

	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
<b>DEBT LIMITATION:</b>					
2 1/4 times base.....	\$ 143,370,763	\$	\$	\$	\$
4 1/2 times base.....		286,741,526			
3 3/4 times base.....			238,951,271		
3 1/4 times base.....				207,091,102	
3 times base.....					191,161,017
<b>TOTAL DEBT LIMITATION.....</b>	<b>143,370,763</b>	<b>286,741,526</b>	<b>238,951,271</b>	<b>207,091,102</b>	<b>191,161,017</b>
<b>INDEBTEDNESS:</b>					
Bonds payable.....	21,244,466	5,280,534			
Less: School building grants.....		(969,013)			
<b>NET INDEBTEDNESS (1).....</b>	<b>21,244,466</b>	<b>4,311,521</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT</b>	<b><u>\$ 122,126,297</u></b>	<b><u>\$ 282,430,005</u></b>	<b><u>\$ 238,951,271</u></b>	<b><u>\$ 207,091,102</u></b>	<b><u>\$ 191,161,017</u></b>

(1) The total of the above net indebtedness amounts to: \$ 25,555,987

In no event shall total indebtedness exceed seven times the base for debt limitation computation. \$ 446,042,373

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