

# **Town of Easton, Connecticut**

Financial Report  
Fiscal Year Ended June 30, 2015



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## Independent Auditor's Report

RSM US LLP

To the Board of Finance  
Town of Easton, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Easton, Connecticut's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter—Adoption of Standards**

As explained in the Summary of Significant Accounting Policies in the notes to the financial statements, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – and amendment of GASB 68*, which resulted in the Town restating net position for recognition of the Town's pension related activity incurred prior to July 1, 2014. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of pension contributions, the schedules of changes in the Town's net pension liability and related ratios, the schedule of the Town's proportionate share of the net pension liability – Teachers' Retirement System and the schedules of employer contributions and funding progress – OPEB, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Easton, Connecticut's basic financial statements. The combining and individual fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the Town of Easton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Easton, Connecticut's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut  
December 18, 2015

## Town of Easton, Connecticut

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2015

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Management of the Town of Easton offers readers these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

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

#### **Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$67,762,988 (net position). Of this amount, \$5,763,602 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$2,969,273 (after beginning net position was restated and decreased by \$2,140,912 for the adoption of GASB No. 68, see Note 1. Substantially all of the increase is attributable better than expected revenues and expenditures that were less than expected amounts.
- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$4,424,706.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,536,960 or 12.7% of total general fund expenditures and transfers out.

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

This discussion and analysis are intended to serve as an introduction to the Town of Easton's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements 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 plus deferred outflows of resources after liabilities plus deferred inflows of resources are deducted, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present only government activities whose functions are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include general government, public safety, public works, health and welfare, education, library, and parks and recreation.

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

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

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

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

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

**Proprietary Funds.** The Town maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for the Board of Education medical insurance benefits. This activity has been included within governmental activities in the government-wide financial statements.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

**Notes to Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's pension and other post-employment (OPEB) benefits to its employees and General Fund budgetary information.

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

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

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$67,762,988 at the close of the most recent fiscal year.



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

**Town of Easton, Connecticut**

	<u>Summary Statement of Net Position</u>	
	<u>Governmental</u>	
	<u>Activities</u>	
	<u>June 30,</u>	<u>June 30 ,</u>
	<u>2015</u>	<u>2014</u>
Current and other assets	<b>\$ 14,734,894</b>	\$ 13,432,205
Capital assets	<b>90,239,287</b>	91,234,318
<b>Total assets</b>	<b>104,974,181</b>	104,666,523
Deferred outflows of resources	<b>1,796,801</b>	350,951
Long-term debt outstanding	<b>29,521,927</b>	29,561,976
Other liabilities	<b>8,751,242</b>	10,661,783
<b>Total liabilities</b>	<b>38,273,169</b>	40,223,759
Deferred inflows of resources	<b>734,825</b>	-
Net position		
Net investments in capital assets	<b>61,999,386</b>	59,493,930
Unrestricted	<b>5,763,602</b>	5,299,785
<b>Total net position, as restated see Note 1</b>	<b>\$ 67,762,988</b>	\$ 64,793,715

None of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$5,763,602 may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in both categories of net position for the Town as a whole.

**Town of Easton, Connecticut**

**Summary Schedule of Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
Revenues		
Program revenues:		
Charges for services	\$ 2,443,885	\$ 2,257,472
Operating grants and contributions	2,426,672	2,967,983
Capital grants and contributions	1,078,404	1,070,601
General revenues:		
Property taxes	39,878,358	39,361,061
Grants and contributions not restricted to specific purposes	156,461	155,081
Investment income	84,143	151,842
Donated capital assets	-	614,665
<b>Total revenues</b>	<b>46,067,923</b>	<b>46,578,705</b>
 Program expenses		
General government	2,831,735	2,984,380
Public safety	3,337,254	3,219,451
Public works	2,916,136	2,780,882
Health and welfare	490,150	449,516
Education	31,367,025	30,715,896
Library	738,313	643,001
Parks and recreation	939,134	784,770
Interest expense	478,903	1,222,959
<b>Total expenses</b>	<b>43,098,650</b>	<b>42,800,855</b>
 <b>Increase in net position</b>	<b>2,969,273</b>	<b>3,777,850</b>
 Net position		
Beginning	64,793,715	63,156,777
 Restated for GASB No. 68	-	(2,140,912)
 Ending, as restated	<b>\$ 67,762,988</b>	<b>\$ 64,793,715</b>

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

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

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

As of the end of the current fiscal year, governmental funds reported a combine ending fund balance of \$4,424,706.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was \$5,536,960. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 12.7% of total general fund expenditures and other financing uses, while total fund balance represents 14.1% of that same amount.

### **General Fund Budgetary Highlights**

The most significant difference between the original budget and the final amended budget included additional appropriations and budget transfers of \$134,584 for various departments and this includes the transfers out account to purchase equipment. The Board of Finance made special appropriations to the Insurance Commission and Tree Warden budget, and transferred funds of \$196,145 from police special service revenue to cover expenditures. The Town meeting appropriated \$10,000 to cover expenditures for the rental of a van for the Senior Center.

The following departments had positive budget variances as follows:

- Fringe Benefits in the amount of \$268,311 due to increased percentage deductions paid by the employee, the election to accept "in lieu of" medical coverage with no significant event changes.
- The Public Works department in the amount of \$186,636 due to a less severe winter that saved funds in overtime and highway road salt and having vacancy of positions.
- Town Attorney account in the amount of \$55,575 due to legal issues postponements.

### **Bonded Capital Projects Fund**

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

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

	Governmental Activities	
	2015	2014
Land	\$ 19,859,020	\$ 19,859,020
Construction in progress	189,307	24,430
Land improvements	410,126	421,326
Buildings	50,792,326	51,609,825
Building improvements	1,182,666	1,195,045
Machinery and equipment	597,848	477,983
Vehicles	2,643,471	2,809,995
Infrastructure	14,564,523	14,836,694
<b>Total</b>	<b>\$ 90,239,287</b>	<b>\$ 91,234,318</b>

**Capital Assets and Debt Administration**

**Capital assets.** The Town's investment in capital assets as of June 30, 2015 is \$ 90,239,287 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, building improvements, machinery and equipment and vehicles.

Major capital asset events during the current fiscal year included the following:

- \$15,000 was approved by the Board and town meeting for purchase of a new Senior Van, and along with generous donations, the van was purchased. An amount of \$10,000 was also approved to cover expenses in the van transportation grant to cover expense of a rental van.
- Radios were approved for purchase and Fiber Optic upgrade through the Local Capital Improvement Program (LoCIP) for the Fire.
- The Town expended \$231,357 of LoCIP funds and completed the reconstruction of Morehouse Road south of the school.
- The Town expended approximately \$164,000 of LOCIP funds for the renovation of the Dispatch communication center.
- Public Works did renovations to the parking areas at 600 Morehouse Road.
- The remaining additions and deletions consisted of various equipment and vehicles for Town departments.

Additional information on the Town's capital assets can be found in Note 4 of this report.

**Debt.** At the end of the current fiscal year, the Town had total debt outstanding of \$26,663,000. All of this debt comprises debt backed by the full faith and credit of the Town.

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

	Governmental Activities	
	2015	2014
General obligation bonds - Town improvements	\$ 3,399,000	\$ 4,061,000
General obligation bonds - School improvements	18,108,000	18,134,000
General obligation bonds - Sewer improvements	238,000	260,000
Bond anticipation notes	4,918,000	7,372,000
<b>Total</b>	<b>\$ 26,663,000</b>	<b>\$ 29,827,000</b>

The Town is also obligated for a portion of the Regional School District No. 9 general obligation debt in the net amount of \$6,248,040.

On January 15, 2015, the Town issued \$4,918,000 of bond anticipation notes and \$1,620,000 general obligation bonds. The bond anticipation notes bear interest at 1.0%, mature on December 15, 2015 and are land acquisition. The bonds bear interest at 2.0%, mature in 2025 and are for elementary school construction.

During the fiscal year, the Town made bond principal payments of \$2,330,000 for school and general purpose debt.

The Town maintains an “AAA” credit rating from Standard and Poor’s, for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$278,449,990 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 6 and 7 of this report.

**Economic Factors and Next Year’s Budget and Rates**

The following are some factors that were considered in preparing the Town’s budget for the 2015 fiscal year:

- The unemployment rate for the Town is currently 5.3%. This compares favorably to the state’s average unemployment rate 5.3% and the national average rate 5.1%.
- Inflationary trends in the region compare favorably to national indices.

Town’s elected and appointed officials considered Town-wide trends when setting the fiscal year 2015 budget. The Town decided that it was important to continue to support the school system and adopt a budget designed to promote long-term financial stability, conservative budgeting, and while at the same time, providing excellent services to our residents and taxpayers.

- At June 30, 2015, unassigned fund balance in the general fund was \$5,536,960.

**Requests for Information**

This financial report is designed to provide a general overview of the Town’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chairman, Board of Finance or the Office of the Comptroller, Town of Easton, 225 Center Road, Easton, Connecticut 06612.

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## **Basic Financial Statements**





Town of Easton, Connecticut

Statement of Net Position  
June 30, 2015

	Governmental Activities
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 7,720,236
Investments	4,689,337
Receivables, net	2,325,321
<b>Total current assets</b>	<u>14,734,894</u>
Noncurrent Assets	
Capital Assets	
Capital assets, not being depreciated	20,048,327
Capital assets, being depreciated, net	70,190,960
<b>Total capital assets</b>	<u>90,239,287</u>
<b>Total assets</b>	<u>104,974,181</u>
<b>Deferred outflows of resources</b>	
Deferred pension expense	1,796,801
<b>Total deferred outflows of resources</b>	<u>1,796,801</u>
<b>Liabilities</b>	
Accounts payable and accrued expenses	2,995,252
Due to Regional School District No. 9	810,826
Unearned revenue	27,164
Bond anticipation notes	4,918,000
Noncurrent Liabilities:	
Due within one year	2,904,362
Due in more than one year	26,617,565
<b>Total liabilities</b>	<u>38,273,169</u>
<b>Deferred inflows of resources</b>	
Deferred pension credit	734,825
<b>Total deferred inflows of resources</b>	<u>734,825</u>
<b>Net Position</b>	
Net Investments in Capital Assets	61,999,386
Unrestricted	5,763,602
<b>Total net position</b>	<u>\$ 67,762,988</u>

See Notes to Financial Statements.

Town of Easton, Connecticut

Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental Activities					
General Government	\$ 2,831,735	\$ 1,055,854	\$ 92,598	\$ 474,985	\$ (1,208,298)
Public Safety	3,337,254	483,271	6,400	-	(2,847,583)
Public Works	2,916,136	370,793	-	603,419	(1,941,924)
Health and Welfare	490,150	25,355	-	-	(464,795)
Education	31,367,025	62,477	2,327,674	-	(28,976,874)
Library	738,313	15,271	-	-	(723,042)
Park and Recreation	939,134	430,864	-	-	(508,270)
Interest and fiscal charges	478,903	-	-	-	(478,903)
<b>Total governmental activities</b>	<b>\$ 43,098,650</b>	<b>\$ 2,443,885</b>	<b>\$ 2,426,672</b>	<b>\$ 1,078,404</b>	<b>(37,149,689)</b>
General revenues:					
Property taxes					39,878,358
Grants and contributions not restricted to specific programs					156,461
Investment income					84,143
<b>Total general revenues</b>					<b>40,118,962</b>
Change in net position					2,969,273
Net position - beginning as restated (Note 1)					64,793,715
Net position - ending					<b>\$ 67,762,988</b>

See Notes to Financial Statements.

Town of Easton, Connecticut

Balance Sheet - Governmental Funds  
June 30, 2015

	General	Bonded Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 5,077,236	\$ 338,464	\$ 2,304,536	\$ 7,720,236
Investments	4,020,856	-	668,481	4,689,337
Receivables				
Property taxes and accrued interest, net	1,871,351	-	-	1,871,351
Accounts	332,308	-	40,686	372,994
Intergovernmental	-	-	80,976	80,976
<b>Total assets</b>	<b>\$ 11,301,751</b>	<b>\$ 338,464</b>	<b>\$ 3,094,679</b>	<b>\$ 14,734,894</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>				
Liabilities				
Accounts payable	\$ 1,104,638	\$ 32,227	\$ 151,195	\$ 1,288,060
Accrued liabilities	1,095,199	-	-	1,095,199
Due to Regional School District No.9	810,826	-	-	810,826
Due to other funds	371,471	-	-	371,471
Unearned revenue	24,165	-	2,999	27,164
Bond anticipation notes	-	4,918,000	-	4,918,000
<b>Total liabilities</b>	<b>3,406,299</b>	<b>4,950,227</b>	<b>154,194</b>	<b>8,510,720</b>
Deferred Inflows of Resources				
Unavailable revenue	1,718,492	-	80,976	1,799,468
<b>Total deferred inflows of resources</b>	<b>1,718,492</b>	<b>-</b>	<b>80,976</b>	<b>1,799,468</b>
Fund Balances (Deficits)				
Restricted	-	-	205,483	205,483
Committed	-	-	2,686,141	2,686,141
Assigned	640,000	-	-	640,000
Unassigned	5,536,960	(4,611,763)	(32,115)	893,082
<b>Total fund balances (deficits)</b>	<b>6,176,960</b>	<b>(4,611,763)</b>	<b>2,859,509</b>	<b>4,424,706</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 11,301,751</b>	<b>\$ 338,464</b>	<b>\$ 3,094,679</b>	<b>\$ 14,734,894</b>

See Notes to Financial Statements.

**Town of Easton, Connecticut**

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position  
June 30, 2015**

Amounts reported for governmental activities in the statement of net position are different because of the following:

Fund balances - total governmental funds	<u>\$ 4,424,706</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	125,054,081
Less accumulated depreciation	<u>(34,814,794)</u>
<b>Net capital assets</b>	<u>90,239,287</u>
Deferred pension credit - Pension Plan	(386,639)
Deferred pension credit - MERS	(348,186)
Deferred pension expense - Pension Plan	1,441,496
Deferred pension expense - MERS	355,305
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recorded in the funds:	
Deferred inflows - unavailable revenue	156,831
Property tax receivables greater than 60 days	1,134,726
Interest receivable on property taxes	507,911
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.	(64,807)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds:	
Bonds and notes payable	(21,745,000)
Net pension liability - Pension Plan	(1,611,573)
Net pension liability - MERS	(1,217,299)
Compensated absences	(841,234)
Capital lease payable	(533,530)
Net OPEB obligation	(1,546,033)
Interest payable on bonds and notes	(175,715)
Unamortized bond premium	(1,043,371)
Heart and hypertension	<u>(983,887)</u>
Net Position of Governmental Activities	<u>\$ 67,762,988</u>

See Notes to Financial Statements.

Town of Easton, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2015

	General	Bonded Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 39,914,489	\$ -	\$ -	\$ 39,914,489
Intergovernmental	2,912,452	820,183	828,030	4,560,665
Charges for services	1,457,523	34,250	952,112	2,443,885
Investment income	73,861	-	10,282	84,143
Contributions	-	-	400	400
<b>Total revenues</b>	<b>44,358,325</b>	<b>854,433</b>	<b>1,790,824</b>	<b>47,003,582</b>
<b>Expenditures</b>				
Current:				
General government	2,037,869	-	99,700	2,137,569
Public Safety	2,668,792	-	132,341	2,801,133
Public Works	2,056,299	-	277,346	2,333,645
Health and Welfare	382,019	-	30,829	412,848
Education	27,724,507	-	255,775	27,980,282
Library	583,703	-	21,267	604,970
Parks and Recreation	386,051	-	398,478	784,529
Employee benefits	2,960,261	-	-	2,960,261
Insurance	904,856	-	-	904,856
Debt service	3,117,619	-	-	3,117,619
Capital outlay	-	(28,004)	538,015	510,011
<b>Total expenditures</b>	<b>42,821,976</b>	<b>(28,004)</b>	<b>1,753,751</b>	<b>44,547,723</b>
<b>Revenues over (under) expenditures</b>	<b>1,536,349</b>	<b>882,437</b>	<b>37,073</b>	<b>2,455,859</b>
<b>Other Financing Sources (Uses)</b>				
Bond proceeds	-	1,620,000	-	1,620,000
Transfers in	408,090	308,105	559,628	1,275,823
Transfers out	(867,733)	-	(408,090)	(1,275,823)
<b>Total other financing sources (uses)</b>	<b>(459,643)</b>	<b>1,928,105</b>	<b>151,538</b>	<b>1,620,000</b>
<b>Change in fund balances (deficits)</b>	<b>1,076,706</b>	<b>2,810,542</b>	<b>188,611</b>	<b>4,075,859</b>
<b>Fund Balances (Deficits)</b>				
Beginning of year	5,100,254	(7,422,305)	2,670,898	348,847
End of year	\$ 6,176,960	\$ (4,611,763)	\$ 2,859,509	\$ 4,424,706

See Notes to Financial Statements.

**Town of Easton, Connecticut**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2015**

Amounts Reported for Governmental Activities in the Statement of Activities are Due to	
Net change in fund balances - total governmental funds	<u>\$ 4,075,859</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	513,410
Depreciation expense	<u>(1,504,441)</u>
<b>Total</b>	<u>(991,031)</u>
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	
	<u>(4,000)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:	
Miscellaneous grant receipts	(444,569)
Increase in property tax receivable - accrual basis change	(81,431)
Increase in property tax interest and lien revenue	45,300
<b>Total</b>	<u>(480,700)</u>
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of long-term debt and related items are as follows:	
Principal repayments:	
Issuance of bonds	(1,620,000)
Capital lease payments	147,251
Amortization of bond premium	189,236
Bond principal repayments	<u>2,330,000</u>
<b>Total</b>	<u>1,046,487</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Net OPEB expense	(51,887)
Heart and hypertension claims	(61,757)
Compensated absences	(249,574)
Accrued interest payable	(27,170)
Net pension liability - Pension Plan	(1,079,667)
Net pension liability - MERS	436,447
Deferred pension expense - MERS	(348,186)
Deferred pension credit - MERS	4,354
Deferred pension expense - Pension Plan	1,441,496
Deferred pension credit - Pension Plan	<u>(386,639)</u>
<b>Total</b>	<u>(322,583)</u>
Internal Service Funds are used by management to charge costs of medical insurance benefits to individual departments. The net revenue of the activities of the Internal Service Fund is reported with governmental activities	
	<u>(354,759)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 2,969,273</u></u>

See Notes to Financial Statements.

Town of Easton, Connecticut

Statement of Net Position (Deficit) - Proprietary Fund  
June 30, 2015

	Governmental Activities
	<u>Internal Service Fund</u>
<b>Assets</b>	
Current Assets	
Due from other funds	\$ 371,471
<b>Total assets</b>	<u>371,471</u>
<b>Liabilities</b>	
Current Liabilities	
Accounts payable	259,217
Claims payable	177,061
<b>Total liabilities</b>	<u>436,278</u>
Net Position (Deficit)	
Unrestricted	<u>(64,807)</u>
<b>Total net position (deficit)</b>	<u><u>\$ (64,807)</u></u>

See Notes to Financial Statements.

Town of Easton, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund  
For the Year Ended June 30, 2015

	Governmental Activities
	<u>Internal Service Fund</u>
Operating Revenue	
Premiums	\$ 2,496,066
Operating Expenses	
Claims	2,588,225
Administration	263,009
<b>Total operating expenses</b>	<u>2,851,234</u>
<b>Net loss</b>	(355,168)
Nonoperating Revenue	
Investment income	409
<b>Change in net position</b>	<u>(354,759)</u>
Net Position (Deficit)	
Beginning	<u>289,952</u>
Ending	<u>\$ (64,807)</u>

See Notes to Financial Statements.



Town of Easton, Connecticut

Statement of Cash Flows - Proprietary Fund  
For the Year Ended June 30, 2015

	Governmental Activities
	<u>Internal Service Fund</u>
Cash Flows From Operating Activities	
Premiums received	\$ 2,490,568
Claim payments	(2,554,164)
Administrative payments	<u>(263,009)</u>
<b>Net cash used in operating activities</b>	<b>(326,605)</b>
Cash Flows From Investing Activities	
Income on investments	<u>409</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(326,196)</b>
Cash and Cash Equivalents	
Beginning of year	<u>326,196</u>
End of year	<u><u>\$ -</u></u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities	
Operating loss	\$ (355,168)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Increase in:	
Claims payable	34,061
Increase in:	
Due from other funds	<u>(5,498)</u>
<b>Net cash used in operating activities</b>	<b><u><u>\$ (326,605)</u></u></b>

See Notes to Financial Statements.

Town of Easton, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds  
June 30, 2015

	Pension Trust Fund	Agency Funds
<b>Assets</b>		
Cash and Cash Equivalents	\$ 3,164,076	\$ 1,611,930
Investments, at Fair Value		
Mutual funds	13,488,195	-
Prepaid Benefits	58,212	-
<b>Total assets</b>	<u>16,710,483</u>	<u>\$ 1,611,930</u>
<b>Liability</b>		
Accounts and Other Payable	<u>5,047</u>	<u>1,611,930</u>
Net Position		
Net position - restricted for pension benefits	<u>\$ 16,705,436</u>	<u>\$ -</u>

See Notes to Financial Statements.

Town of Easton, Connecticut

Statement of Changes in Plan Net Position - Pension Trust Fund  
June 30, 2015

	Pension Trust Fund
<hr/>	
Additions	
Contributions:	
Employer	\$ 574,570
Plan members	<u>171,338</u>
<b>Total contributions</b>	<u>745,908</u>
Investment Income	
Net depreciation in fair value of investments	(1,013,814)
Interest and dividends	<u>983,114</u>
<b>Net investment gain</b>	<u>(30,700)</u>
<b>Total net additions</b>	<u>715,208</u>
Deductions	
Benefits	723,795
Administrative expense	<u>10,225</u>
<b>Total deductions</b>	<u>734,020</u>
<b>Changes in net position</b>	(18,812)
Net Position	
Beginning of year	<u>16,724,248</u>
End of year	<u><u>\$ 16,705,436</u></u>

See Notes to Financial Statements.

## Town of Easton, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

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

Accounting principles generally accepted in the United States of America (GAAP), require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board (GASB) Statement Codification Section 2100 have been considered and there are no agencies or entities that should be, but are not, included in the financial statements of the Town.

Accounting standards adopted in the current year:

**GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and its amendment, GASB Statement No. 71**, was implemented on July 1, 2014. This statement revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 required governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required. The effects of the implementation of this statement are as follows: The beginning net position was adjusted by \$2,140,912, a net pension liability of \$2,185,652 and a deferred pension expense of \$350,951 were added and a net pension asset of \$306,211 was removed. Details can be found in Note 10. The adoption of this GASB standard also provided additional disclosures for the State Teachers' Retirement Plan.

**GASB Statement No. 69, Government Combinations and Disposals of Government Operations**, was implemented on July 1, 2014. This statement provided guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments. The implementation of this statement had no impact on the Town's financial statements.

**Basis of presentation:** The financial statements of the Town have been prepared in conformity with GAAP as applied to government units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

**Government-wide and fund financial statements:** The government-wide financial statements (i.e., the statement of net position and the statement of changes in activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to "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.

## Town of Easton, Connecticut

### Notes to Financial Statements

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

The *bonded capital projects fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases funded by debt issuances.

Additionally, the Town reports the following fund types:

The *internal service fund* accounts for risk financing activities for the medical insurance benefits as allowed by GASB Statement No. 10.

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

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

## Town of Easton, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (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 funds are charges to customers for medical insurance benefits. Operating expenses for internal service funds include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

#### Assets, liabilities, deferred inflows of resources and net position:

##### Deposits and investments:

Deposits: The Town considers cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

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

##### Receivables and payables:

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

Property taxes and other receivables: For the government-wide financial statements, all trade; property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 8-20% of outstanding receivable balances at June 30, 2015, and are calculated based upon prior collections.

For the fund financial statements, property taxes receivable at June 30, 2015, which have not been collected within 60 days of June 30, have been recorded as deferred inflows since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 day period have been recorded as revenue.

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

## Town of Easton, Connecticut

### Notes to Financial Statements

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

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

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

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

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

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

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

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

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

## Town of Easton, Connecticut

### Notes to Financial Statements

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

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

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

Net investments in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position: This category consists of restrictions externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position: This category includes amounts that do not meet the definition of "restricted" or "Net investment in capital assets."

The equity of the fund financial statements is defined as "fund balance" and is classified in the following categories:

Nonspendable fund balance: This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).



## Town of Easton, Connecticut

### Notes to Financial Statements

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

Restricted fund balance: This category consists of restrictions externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Easton Board of Finance).

Assigned fund balance: For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.

Unassigned fund balance: This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

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

#### **Pension accounting:**

Pension trust fund: The Pension Trust Fund is reported on the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental funds and governmental activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plans and additions to/deductions from the Retirement Plans' fiduciary net position have been determined on the same basis as they are reported by the Retirement Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Funding policy: The Town funds the contributions to its pension plans based on the actuarial required contribution.

#### **Net other post-employment benefit obligations:**

Governmental funds and governmental activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation (asset), the cumulative differences between annual OPEB cost and the Town's contributions to the plan since July 1, 2009, is calculated on an actuarial basis consistent with the requirements GASB No. 45. The OPEB obligation (asset) is recorded in the government-wide financial statements.

## Town of Easton, Connecticut

### Notes to Financial Statements

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#### Note 2. Cash, Cash Equivalents and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402) (the "Statutes"). Deposits may be made in a "qualified public depository" as defined by the Statutes or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and is regulated under the Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

#### Deposits:

*Deposit custodial credit risk:* Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. The Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in *GASB Statement No. 40, Deposits and Investment Risk Disclosures*, \$8,378,543 of the Town's bank balance of \$13,106,841 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,365,689
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	1,012,854
	<u>\$ 8,378,543</u>

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

**Cash equivalents:** At June 30, 2015, the Town's cash equivalents amounted to \$1,678,662. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

**Investments:** As of June 30, 2015, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (in Years)		
			Less than 1 year	1-10 Years	Over 10 Years
Interest-Bearing Investments					
U.S. Government:					
Agency Bonds	AAA	\$ 4,020,855	\$ -	\$ 177,145	\$ 3,843,710
Corporate Bonds	A3	50,791	50,791	-	-
<b>Total</b>		4,071,646	\$ 50,791	\$ 177,145	\$ 3,843,710
Other investments					
Equities		81,202			
Mutual funds		14,024,684			
<b>Total investments</b>		<u>\$ 18,177,532</u>			

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

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

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

**Custodial credit risk:** Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2015, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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**Note 3. Receivables**

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

	General	Bonded Capital Projects	Nonmajor and Other Funds	Total
Receivables				
Interest	\$ 507,911	\$ -	\$ -	\$ 507,911
Taxes	1,463,440	-	-	1,463,440
Accounts	332,308	-	40,686	372,994
Intergovernmental	-	-	80,976	80,976
<b>Gross receivables</b>	<b>2,303,659</b>	<b>-</b>	<b>121,662</b>	<b>2,425,321</b>
Less allowance for uncollectibles	(100,000)	-	-	(100,000)
<b>Net total receivables</b>	<b>\$ 2,203,659</b>	<b>\$ -</b>	<b>\$ 121,662</b>	<b>\$ 2,325,321</b>

Governmental funds report deferred inflow in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of deferred inflows of resources relating to unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable Revenues	Unearned Revenues
Delinquent property taxes and interest receivable	\$ 1,718,492	\$ -
Grant drawdowns not yet received	80,976	27,164
<b>Total deferred inflow/unearned revenue for governmental funds</b>	<b>\$ 1,799,468</b>	<b>\$ 27,164</b>

**Town of Easton, Connecticut**

**Notes to Financial Statements**

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Increases	Decreases	Transfers	Balance June 30, 2015
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 19,859,020	\$ -	\$ -	\$ -	\$ 19,859,020
Construction in progress	24,430	164,877	-	-	189,307
<b>Total capital assets, not being depreciated</b>	<b>19,883,450</b>	<b>164,877</b>	<b>-</b>	<b>-</b>	<b>20,048,327</b>
Capital assets, being depreciated:					
Land improvements	637,315	9,003	-	-	646,318
Buildings	69,680,263	-	-	-	69,680,263
Building improvements	1,405,265	29,992	-	-	1,435,257
Machinery and equipment	1,567,719	155,263	-	-	1,722,982
Vehicles	6,006,636	89,611	(43,981)	-	6,052,266
Infrastructure	25,404,004	64,664	-	-	25,468,668
<b>Total capital assets, being depreciated</b>	<b>104,701,202</b>	<b>348,533</b>	<b>(43,981)</b>	<b>-</b>	<b>105,005,754</b>
Less accumulated depreciation for:					
Land improvements	(215,989)	(20,203)	-	-	(236,192)
Buildings	(18,070,438)	(817,499)	-	-	(18,887,937)
Building improvements	(210,220)	(42,371)	-	-	(252,591)
Machinery and equipment	(1,089,736)	(35,398)	-	-	(1,125,134)
Vehicles	(3,196,641)	(252,135)	39,981	-	(3,408,795)
Infrastructure	(10,567,310)	(336,835)	-	-	(10,904,145)
<b>Total accumulated depreciation</b>	<b>(33,350,334)</b>	<b>(1,504,441)</b>	<b>39,981</b>	<b>-</b>	<b>(34,814,794)</b>
<b>Total capital assets, being depreciated, net</b>	<b>71,350,868</b>	<b>(1,155,908)</b>	<b>(4,000)</b>	<b>-</b>	<b>70,190,960</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 91,234,318</b>	<b>\$ (991,031)</b>	<b>\$ (4,000)</b>	<b>\$ -</b>	<b>\$ 90,239,287</b>

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

Governmental activities	
General government	\$ 372,869
Public Safety	165,155
Public Works	168,410
Education	780,618
Library	17,389
<b>Total depreciation expense – governmental activities</b>	<b>\$ 1,504,441</b>

**Town of Easton, Connecticut**

**Notes to Financial Statements**

**Note 5. Interfund Accounts**

At June 30, 2015, the amounts due to and from other funds were as follows:

Receivable Fund	Payable Fund	Amount
Internal Service Fund	General Fund	\$ 371,471
		<u>\$ 371,471</u>

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

**Interfund transfers:**

	Transfers In			Total
	General Fund	Bonded Capital Projects	Nonmajor Governmental Funds	
Transfers out				
General Fund	\$ -	\$ 308,105	\$ 559,628	\$ 867,733
Nonmajor governmental	408,090	-	-	408,090
<b>Total transfers out</b>	<u>\$ 408,090</u>	<u>\$ 308,105</u>	<u>\$ 559,628</u>	<u>\$ 1,275,823</u>

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

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

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

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Bond Anticipation Notes				
Elementary school construction	\$ 1,905,500	\$ 2,077,815	\$ 3,983,315	\$ -
Land acquisition	5,466,500	9,836,185	10,384,685	4,918,000
<b>Total</b>	<u>\$ 7,372,000</u>	<u>\$ 11,914,000</u>	<u>\$ 14,368,000</u>	<u>\$ 4,918,000</u>

On January 15, 2015, the Town issued \$4,918,000 of BAN's. These bond anticipation notes bear interest at 1.0% and mature on December 15, 2015 and are for land acquisition.

Town of Easton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Debt

Changes in long-term debt:

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Balance * July 1, 2014, as restated	Additions	Deductions	Balance Outstanding June 30, 2015	Current Portion
<b>Bonds</b>									
General purpose:									
Refunding bond	\$ 3,318,000	02/15/03	06/01/15	1.6-4.0	\$ 221,000	\$ -	\$ 221,000	\$ -	\$ -
Improvement bond	1,424,000	07/15/10	07/15/25	1.0-3.75	1,140,000	-	95,000	1,045,000	95,000
Refunding bond (2001 issue)	3,739,500	05/28/09	10/15/21	3.0-5.0	2,700,000	-	346,000	2,354,000	340,000
<b>Total general purpose</b>					<b>4,061,000</b>	<b>-</b>	<b>662,000</b>	<b>3,399,000</b>	<b>435,000</b>
Schools:									
Refunding bond	447,000	01/15/03	06/01/15	1.6-4.0	34,000	-	34,000	-	-
Refunding bond (2001 issue)	5,765,500	05/28/09	10/15/21	3.0-5.0	4,160,000	-	534,000	3,626,000	525,000
Improvement bond	925,000	07/15/10	07/15/25	1.0-3.375	735,000	-	63,000	672,000	63,000
Refunding bond	8,485,000	06/01/11	06/01/25	2.0-5.0	7,010,000	-	585,000	6,425,000	650,000
Refunding bond (2005 issue)	6,810,000	02/09/12	11/01/25	2.0-4.0	6,195,000	-	430,000	5,765,000	555,000
Obligation Bond	1,620,000	01/15/15	01/15/15	2	-	1,620,000	-	1,620,000	140,000
<b>Total schools</b>					<b>18,134,000</b>	<b>1,620,000</b>	<b>1,646,000</b>	<b>18,108,000</b>	<b>1,933,000</b>
Sewer:									
Improvement bond	326,000	07/15/10	07/15/25	1.0-3.375	260,000	-	22,000	238,000	22,000
<b>Total bond/notes</b>					<b>22,455,000</b>	<b>1,620,000</b>	<b>2,330,000</b>	<b>21,745,000</b>	<b>2,390,000</b>
Bond premium									
<b>Total bonds and related liabilities</b>					<b>1,232,607</b>	<b>-</b>	<b>189,236</b>	<b>1,043,371</b>	<b>-</b>
Compensated absences									
Capital lease					591,660	328,311	78,737	841,234	250,000
Net pension liability - Pension Plan					680,781	-	147,251	533,530	163,893
Net pension liability - MERS					531,906	1,079,667	-	1,611,573	-
Heart and hypertension					1,653,746		436,447	1,217,299	-
Net OPEB obligation					922,130	154,530	92,773	983,887	100,469
<b>Total general long- term obligations</b>					<b>\$ 29,561,976</b>	<b>\$ 3,234,395</b>	<b>\$ 3,274,444</b>	<b>\$ 29,521,927</b>	<b>\$ 2,904,362</b>

\* Restated for adoption of GASB No. 68.

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

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

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

<u>Year Ending June 30,</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 2,390,000	\$ 660,761
2017	2,400,000	580,124
2018	2,405,000	496,174
2019	2,395,000	422,911
2020	2,370,000	349,536
2021-2024	9,130,000	691,838
2025-2029	655,000	8,463
<b>Total</b>	<b>\$ 21,745,000</b>	<b>\$ 3,209,807</b>

In addition to the above recorded amounts, the Town participates with the Town of Redding in providing a high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2015, which matures through 2026, amounted to \$13,965,000. The Town's share of the debt, net of the related grant, was \$6,428,040.

**Capital leases:** The Town has entered into leases for the purchase of school buses. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the leases and the present value of the future minimum lease payments reflected at June 30, 2015:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 163,893
2017	383,225
	547,118
Less amount representing interest	(13,588)
<b>Present value of future minimum lease payment</b>	<b>\$ 533,530</b>

**Heart and hypertension:** The Town has recognized an estimated liability for possible future heart and hypertension claims by members of the police and fire departments based on current actuarial valuation.



**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 89,501,783	\$ 8,500,000	\$ 81,001,783
Schools	179,003,565	24,379,099	154,624,466
Sewers	149,169,638	238,000	148,931,638
Urban renewal	129,280,353	-	129,280,353
Pension deficit	119,335,710	-	119,335,710

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$278,449,990 or seven times the base for debt limitation computation.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

**Authorized/unissued bonds:** The amount of authorized/unissued bonds is \$183,000 for general purposes and \$4,971 for school purposes.

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

The components of fund balance for the governmental funds at June 30, 2015 are as follows:

	General Fund	Bonded Capital Projects	Nonmajor Governmental Funds	Total
Fund balances				
Restricted for:				
Grants	\$ -	\$ -	\$ 203,235	\$ 203,235
Education	-	-	2,248	2,248
	-	-	205,483	205,483
Committed to:				
Capital projects	-	-	226,473	226,473
General government	-	-	948,285	948,285
Public safety	-	-	250,604	250,604
Health and welfare	-	-	72,724	72,724
Library	-	-	1,054,288	1,054,288
Parks and recreation	-	-	133,767	133,767
	-	-	2,686,141	2,686,141
Assigned to:				
Subsequent year's budget	500,000	-	-	500,000
Potential claims	140,000	-	-	140,000
	640,000	-	-	640,000
Unassigned	5,536,960	(4,611,763)	(32,115)	893,082
<b>Total fund balances (deficits)</b>	<b>\$ 6,176,960</b>	<b>\$ (4,611,763)</b>	<b>\$ 2,859,509</b>	<b>\$ 4,424,706</b>

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

**Deficit fund balance:** The following funds had fund balance deficits at June 30, 2015:

Major Fund		
Bonded capital projects	\$	(4,611,763)
Nonmajor Funds		
Senior Center		(5,663)
Solid Waste Program		(10,221)
Senior Center Leasing Buyout		(4,817)
Senior Center Van		(11,414)

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

**Note 9. Risk Management**

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

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

The medical claims fund is substantially funded by the Town's general fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses. Amount is reported in the statement of net position as a component of accrued expenses.

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2013-2014	\$ 156,348	\$ 2,058,509	\$ 2,071,857	\$ 143,000
2014-2015	143,000	2,588,225	2,554,164	177,061

## Town of Easton, Connecticut

### Notes to Financial Statements

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#### Note 10. Pension Plans

The Town of Easton Retirement Plan:

**Plan description:** The Town has a contributory pension plan covering substantially all full-time employees and noncertified Board of Education employees. Uniformed police department employees and fire department employees participate in the Municipal Employees' Retirement System (MERS), administered by the Municipal Employees' Retirement Commission. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Retirement Board. The Town does not contribute to this plan.

#### Benefits provided:

Effective Date	January 1, 1970, October 1, 1984, July 1, 1995, July 1, 2003
Anniversary Date	July 1 of each year
Valuation Date	July 1, 2014
Enhanced MERS	Calendar year W-2 compensation
Participation	Eligibility: Age: No minimum Service: 1 month
	Entry Date First day of the month coinciding with or following satisfaction of eligibility
Normal Retirement Benefit	Eligibility Earlier of 55 years of age with 10 years of service, or 25 years of service at any age. Enhanced MERS – years of service required for retirement is 5.
	Date Payable: First date of the month coinciding with or following satisfaction of eligibility.
Previous MERS Benefits	Amounts: Payable from retirement to age 62 – 2% per year of service times highest three year average compensation
	Payable from age 62 for life - 1.1667% per year of service times Social Security Earnings Base plus 2% per year of service times highest three year average compensation less the Social Security Earnings Base.
	Social Security Earnings Base equals the average of the highest ten years of the lesser of compensation or the annual Social Security Taxable Wage Base.
	A maximum benefit of 100% of pay less Social Security PIA benefits and a minimum benefit of \$1,000 per year for Normal Retirement applies
Previous MERS Benefits	COLA: Benefits for retirees will increase at a rate determined annually by the State of Connecticut. Must be age 65 and have retired under Plan II.

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

Enhanced MERS Benefits	Amount:	Payable from retirement to age 62 – 2% per year of service times highest three year average compensation.  Payable from 62 for life – 1.5% per year of service times lesser of average compensation or the “Yearly Breakpoint” plus 2% per year of service times final three year average compensation less the “Yearly Breakpoint”.  The Yearly Breakpoint is a tabled number that is \$73,200 for 2014, and increases 6% annually  A maximum benefit of 100% of pay less Social Security PIA benefits and a minimum benefit of \$1,000 per year for Normal retirement applies
	COLA:	Benefits for all retirees will increase at a rate determined annually by the State of Connecticut.
Accrued Benefit		Normal Retirement Benefit based on service to date of determination.
Disability Benefits		A participant who is disabled and has completed ten (10) years of service is eligible for an immediate disability benefit equal to his accrued benefit. In no instance will a participant’s benefit be more than 100% of his compensation in effect prior to his disability, reduced by any Workers Compensation and/or Social Security Disability benefits. If a disability is determined to have occurred in the course of the participant’s employment, the ten year service requirement is waived.
Employee Contributions		Members will contribute 2.25% of compensation up to the Taxable Wage Base (\$117,000 for 2014), and 5% of compensation above the Taxable Wage Base.  Enhanced MERS participants will contribute an amount based on their collectively bargained or contractual agreements. We list the different rates in Section IIIB of this report. The remainder of EM participants contribute per the original MERS rates shown above.
Contribution and Interest Account		Members are always 100% vested in their contribution and interest account. Interest accumulates at 5% compounded annually, with partial year interest credited in the year of termination.

Town of Easton, Connecticut

Notes to Financial Statements

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

Classes of employees covered: As of July 1, 2014, the plan's membership consisted of:

Retirees and beneficiaries currently receiving benefits	62
Terminated members entitled to benefits but not yet receiving them	21
Current active members	99
<b>Total</b>	<b>182</b>

Contributions: The contribution requirements of plan members and the Town are established according to the Pension Trust Agreement and the Pension and Employee Benefit Commission. The Pension and Employee Benefit Commission Members serve as plan trustees, as well as hiring the plan actuary. The Town's contribution to the plan is actuarially determined on an annual basis using the frozen initial liability cost method. Employees are required to contribute to the plan in varying amounts ranging from 2.25% for Board of Education employees to 6.58% for Highway Management employees.

Net pension liability: The Town's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2014, calculated based on the discount rate and actuarial assumptions below and then was projected forward to the measurement date June 30, 2015. There have been no significant changes between the valuation date and the fiscal year-end.

Valuation date	July 1, 2014
Measurement date	June 30, 2015
Inflation	2.6% -3.0%
Salary projection	3.0%
Mortality	Prescribed IRS Static Mortality Schedule
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair value

Investments: The pension plan's policy in regard to the allocation is established and may be amended by the Town Retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2015:

Town of Easton, Connecticut

Notes to Financial Statements

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

*Assumed rate of return:* The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2014, and the final investment return assumption, are summarized in the following table:

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

*Rate of return:* For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -0.34%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount rate:* The discount rate used to measure the total pension liability was 7%. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Town of Easton, Connecticut

Notes to Financial Statements

Note 10. Pension Plans (Continued)

Net pension liability of the town: The components of the net pension liability of the Town at June 30, 2015 were as follows:

	Changes in the Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 17,256,154	\$ 16,724,248	\$ 531,906
Changes for the year:			
Service cost	464,998	-	464,998
Interest	1,207,931	-	1,207,931
Differences between expected and actual experience	(462,451)	-	(462,451)
Contributions - employer	-	574,570	(574,570)
Contributions - member	-	171,338	(171,338)
Net investment income (including investment expenses)	-	(30,700)	30,700
Changes of assumptions	574,172	-	574,172
Benefit payments, including refunds of employee contributions	(723,795)	(723,795)	-
Administrative expense	-	(10,225)	10,225
<b>Net changes</b>	<b>1,060,855</b>	<b>(18,812)</b>	<b>1,079,667</b>
<b>Balances at June 30, 2015</b>	<b>\$ 18,317,009</b>	<b>\$ 16,705,436</b>	<b>\$ 1,611,573</b>

Sensitivity analysis: The following table presents the net pension liability of the Town, calculated using the discount rate of 7%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability	\$ 3,781,640	\$ 1,611,573	\$ (189,168)

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

For the year ended June 30, 2015, the Town recognized pension expense of \$599,380. As of June 30, 2015, the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (386,639)
Changes of assumptions	480,046	-
Net difference between projected and actual earnings on pension plan investments	961,450	-
<b>Total</b>	<b>\$ 1,441,496</b>	<b>\$ (386,639)</b>

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

Year Ended June 30,

2016	\$ 258,678
2017	258,678
2018	258,678
2019	258,678
2020	18,315
Thereafter	1,830

**Municipal employees' retirement system:**

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

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

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

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

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



## Town of Easton, Connecticut

### Notes to Financial Statements

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

**Year's breakpoint:** With respect to the calendar year in which a member terminates service, \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. For 2014, the breakpoint is \$69,200.

#### **Service retirement allowance:**

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

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

#### **Disability retirement allowance:**

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

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

#### **Service connected disability:**

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

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

#### **Vesting retirement allowance:**

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

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

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

**Death benefit:**

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

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

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

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

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

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

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

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

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

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

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

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

**The long-term expected rate of return:** the long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan. The annual money weighted rate of return net of investment expenses measured on monthly inputs was 7.32%.

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

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

Town of Easton, Connecticut

Notes to Financial Statements

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

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

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net pension liability	\$ 2,498,084	\$ 1,217,299	\$ 150,531

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources:** At June 30, 2015, the Town reported a liability of \$1,217,299 for its proportionate share of the net pension liability related to its participation in MERS. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Town's proportion of the net pension liability was based on its share of contributions to the MERS for fiscal year 2014 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2014, Town's proportion was 5.035%.

For the year ended June 30, 2015, the Town recognized pension expense of \$256,100. At June 30, 2015, Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

\$355,305 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2015 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (348,186)
Town contributions subsequent to the measurement date	355,305	-
<b>Total</b>	<b>\$ 355,305</b>	<b>\$ (348,186)</b>

## Town of Easton, Connecticut

### Notes to Financial Statements

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

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

Year Ended June 30,

2016	\$	87,047
2017		87,047
2018		87,047
2019		87,045
2020		-
Thereafter		-

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

All certified personnel participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

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

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

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

**Summary of significant accounting policies:** For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$1,903,000 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability for teacher pensions.

## Town of Easton, Connecticut

### Notes to Financial Statements

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

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

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

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

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

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

Participants are required to contribute 6.0% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2014/2015 school year, \$546,774 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Town is \$7,542,000.

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

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

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

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

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

Asset Class	Target Allocation	Expected Rate of Return
Large cap U.S. equities	21.00%	7.30%
Developed non-U.S. equities	18.00%	7.50%
Emerging markets (non-U.S.)	9.00%	8.60%
Core fixed income	7.00%	1.70%
Inflation linked bond fund	3.00%	1.30%
Emerging market bond	5.00%	4.80%
High yield bonds	5.00%	3.70%
Real estate	7.00%	5.90%
Private equity	11.00%	10.90%
Alternative investments	8.00%	0.70%
Liquidity fund	6.00%	0.40%
	100.00%	

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

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

The following presents the Town's proportionate share of the net pension liability of the System, calculated using the discount rate of 8.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50 percent) or 1-percentage-point higher (9.50 percent) than the current rate.

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
Net pension liability	\$24,629,337	\$19,299,853	\$14,769,634



## Town of Easton, Connecticut

### Notes to Financial Statements

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

**Pension liabilities, pension expense, and deferred inflows/outflows of resources:** The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$19,299,853 and 100% of the collective net pension liability is allocated to the State.

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

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2015, the Town recognized \$1,448,041 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

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

#### Note 11. Other Post-Employment Benefits

##### Plan description and benefits provided:

Town: In addition to the pension benefits, all Town employees retiring under the Town of Easton Retirement Plan are provided post-employment benefits. The level of these benefits is determined by contract for all union employees and by a Town of Easton ordinance for all non-represented employees. Per contracts and ordinances, the Town pays the full cost of these benefits. Benefits provided are as follows:

##### Non-union employees and highway/public works employees:

Eligibility for Medical, Dental and Life Coverage	Retirement on or after attaining age 55 with 5 years of service or after 25 years of service.
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance; spouse can continue coverage after retiree's death.
Plan of Coverage	Various fully insured medical plans. Medicare supplemental plan coverage on or after age 65.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	Fully paid for by retiree.

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

Police and fire:

Eligibility for Medical, Dental and Life Coverage	Retirement on or after attaining age 55 with 5 years of service or after 25 years of service.
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance; spouse can continue coverage after retiree's death.
Plan of Coverage	Various fully insured medical plans. Medicare supplemental plan coverage on or after age 65.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	Fully paid for by retiree.

Board of education: The Board of Education provides certain post-retirement benefits to retirees through negotiated contracts. Eligibility for benefits is as follows:

Teachers:

Eligibility for Medical, Dental and Life Coverage	Retirement under State of Connecticut Teachers Retirement Plan (age 50 with 30 years, age 55 with 25 years or 60 with 10 years).
Retiree/Spouse Cost of Medical Coverage	Retiree pays full cost of insurance (COBRA rates) spouse can continue coverage after retiree's death.
Plan of Coverage	Self-insured medical plan. Medicare supplement plan coverage on or after age 65 if eligible for Medicare.
Retiree/Spouse Cost of Dental Coverage	Retiree pays full cost of insurance.
Life Insurance Benefit	None.

Other board of education employees:

Eligibility for Medical, Dental and Life Coverage	Eligible for COBRA only.  Custodians can participate in the Medicare Supplement Plan on or after age 65, at their own cost.
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**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

Membership: Membership in the plan consisted of the following at July 1, 2014:

	Town of Easton Retiree Medical Benefit Plan
Number of retirees and eligible surviving spouses	12
Number of active participants	172
<b>Total</b>	<b>184</b>

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

	<u>Town of Easton Retiree Medical Benefit Plan</u>
Actuarial valuation date	July 1, 2014
Actuarial cost method	Projected Unit Credit Cost
Amortization method	Level Dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%/annum
Projected salary increases	N/A

Retirement assumptions:

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

Board of education:

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

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

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

*Annual OPEB cost and net OPEB obligations:* The Town's annual OPEB cost and net OPEB obligation for the current year were as follows:

	Town of Easton Retiree Medical Benefit Plan
Annual required contribution	\$ 242,017
Interest on net OPEB obligation	67,237
Adjustment to annual required contribution	(87,788)
Annual OPEB cost	<u>221,466</u>
Contribution made	<u>169,579</u>
Increase in net OPEB obligation	51,887
Net OPEB obligation, July 1, 2014	1,494,146
Net OPEB obligation, June 30, 2015	<u><u>\$ 1,546,033</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2015 is presented below:

	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/13	\$ 322,112	\$ 108,228	34.0%	\$ 1,335,316
6/30/14	218,978	60,148	27.5%	1,494,146
6/30/15	221,466	169,579	76.6%	1,546,033

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	\$ -	\$ 2,623,470	\$ 2,623,470	0%	\$ 12,712,616	21.0%
7/1/2012	\$ -	\$ 2,222,858	\$ 2,222,258	0%	\$ 13,338,378	17.0%
7/1/2014	\$ -	\$ 1,850,910	\$ 1,850,910	0%	\$ 11,230,543	16.0%

**Town of Easton, Connecticut**

**Notes to Financial Statements**

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

Schedule of employer contributions:

<u>Year Ended June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2013	\$ 337,537	32%
2014	237,345	25%
2015	242,017	70%

**Note 12. Contingent Liabilities**

There are various lawsuits and claims pending against the Town, the ultimate effect of which, if any, cannot presently be determined; however, the ultimate resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

State and Federal grants received by the Town are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. The amount of expenditures which may be disallowed, if any, cannot be determined at this time; however, the Town's management believes any such disallowance will be immaterial.

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

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations.

- *GASB Statement No. 72, Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- *GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

Notes to Financial Statements

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

- *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016.
- *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
  - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
  - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
  - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

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

- *GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

## Town of Easton, Connecticut

### Notes to Financial Statements

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

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

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

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

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

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

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**Required Supplementary Information - *Unaudited***



**Required Supplementary Information - Unaudited  
Schedule of Contributions - Town of Easton Retirement Plan  
For the Year Ended June 30, 2015**

Measurement Period Ended June 30,	2015	2014
Actuarially determined contribution	\$ 345,204	\$ 388,304
Contributions in relation to the actuarially determined contribution	574,570	620,000
Contribution deficiency (excess)	\$ (229,366)	\$ (231,696)
Covered-employee payroll	4,177,769	4,226,506
Contributions as a percentage of covered- employee payroll	13.75%	14.67%

## Notes to Schedule

**Actuarial Methods Assumptions**

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

**Required Supplementary Information - Unaudited**  
**Schedule of Changes in the Town of Easton Retirement Plan Net Pension Liability and Related Ratios**  
**Last Fiscal Year**  
**For the Year Ended June 30, 2015**

	2015	2014
<b>Changes in Net Pension Liability</b>		
<b>Total Pension Liability</b>		
Service cost	\$ 464,998	\$ 465,210
Interest on total pension liability	1,207,931	1,125,998
Difference between expected/actual experience	(462,451)	(197,279)
Effect of assumption changes or inputs	574,172	501,471
Benefit payments	(723,795)	(724,931)
<b>Net change in total pension liability</b>	<u>1,060,855</u>	<u>1,170,469</u>
Total Pension Liability, Beginning	<u>17,256,154</u>	<u>16,085,685</u>
<b>Total pension liability, ending (a)</b>	<u>18,317,009</u>	<u>17,256,154</u>
<b>Fiduciary Net Position</b>		
Employer contributions	\$ 574,570	\$ 620,000
Member contributions	171,338	186,906
Investment income net of investment expenses	(30,700)	2,396,966
Benefit payments	(723,795)	(724,931)
Administrative expenses	(10,225)	(10,200)
<b>Net change in plan fiduciary net position</b>	<u>(18,812)</u>	<u>2,468,741</u>
Fiduciary Net Position, Beginning	<u>16,724,248</u>	<u>14,255,507</u>
<b>Fiduciary net position, ending (b)</b>	<u>16,705,436</u>	<u>16,724,248</u>
<b>Net pension liability, ending = (a) - (b)</b>	<u>\$ 1,611,573</u>	<u>\$ 531,906</u>
Fiduciary net position as a % of total pension liability	91.20%	96.92%
Covered payroll	\$ 4,177,769	\$ 4,226,506
Net pension liability as a % of covered payroll	38.57%	12.59%

**Required Supplementary Information - Unaudited**  
**Schedule of Contributions - Municipal Employees' Retirement System - Police and Firefighters**  
**For the Year Ended June 30, 2015**

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

**Required Supplementary Information - Unaudited  
 Schedule of the Town's Proportionate Share of the Net Pension Liability -  
 Municipal Employees' Retirement System - Police and Firefighters  
 Last Fiscal Year  
 For the Year Ended June 30, 2015**

	2014
Town's proportion of the net pension liability	5.035%
Town's proportionate share of the net pension liability	\$ 1,217,299
Town's covered-employee payroll	<u>\$ 1,370,454</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>88.82%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.48%</u>

**Required Supplementary Information - Unaudited**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability - Teachers' Retirement System**  
**For the Year Ended June 30, 2015**

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Town's proportion of the net pension liability	0.000000%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>\$ 19,299,853</u>
Total	<u>\$ 19,299,853</u>
Town's covered-employee payroll	<u>\$ 7,542,000</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0%</u>
System fiduciary net position as a percentage of the total pension liability	<u>100%</u>

## Notes to Connecticut State Teachers' Retirement System

Changes of Assumptions

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

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contributions in the schedule of employer contributions are calculated as of

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

**Required Supplementary Information - Unaudited  
Schedule of Employer Contributions - OPEB  
For the Year Ended June 30, 2015**

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

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/09	\$ 331,272	30.0%
6/30/10	335,488	21.0%
6/30/11	315,538	6.0%
6/30/12	318,873	-3.0%
6/30/13	322,112	34.0%
6/30/14	218,978	27.0%
6/30/15	242,017	70.0%

**Town of Easton, Connecticut**

**Required Supplementary Information - Unaudited  
Schedule of Funding Progress - OPEB  
For the Year Ended June 30, 2015**

***Schedule of Funding Progress - OPEB***

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll Covered
7/1/2008	\$ -	\$ 2,777,663	\$ (2,777,663)	0.00%	\$ 12,665,797	22%
7/1/2010	-	2,623,470	(2,623,470)	0.00%	12,712,616	21%
7/1/2012	-	2,222,858	(2,222,858)	0.00%	13,338,378	17%
7/1/2014	-	1,850,910	(1,850,910)	0.00%	11,230,543	16%



**Required Supplementary Information - Unaudited**  
**Schedule of Revenues and Other Financing Sources - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Property Taxes				
Property taxes, current and prior	\$ 39,098,183	\$ 39,098,183	\$ 39,619,157	\$ 520,974
Interest and lien fees	110,000	110,000	275,823	165,823
Telephone access	18,296	18,286	19,509	1,223
<b>Total property taxes</b>	<b>39,226,479</b>	<b>39,226,469</b>	<b>39,914,489</b>	<b>688,020</b>
Intergovernmental				
Educational assistance:				
Special education and education cost share	598,854	598,854	608,300	\$ 9,446
Other	290	290	16,886	16,596
<b>Total educational assistance</b>	<b>599,144</b>	<b>599,144</b>	<b>625,186</b>	<b>26,042</b>
Town assistance:				
Town aid roads	227,623	227,623	227,805	\$ 182
Infrastructure - LOCIP	282,500	282,500	-	(282,500)
Property tax relief	37,211	37,211	31,657	(5,554)
State owned property	52,469	52,469	63,586	11,117
Mashantucket Pequot grant	7,250	7,250	10,636	3,386
Civil preparedness	3,785	3,785	7,434	3,649
Property tax relief (veterans)	7,735	7,735	7,620	(115)
Miscellaneous	97,704	97,704	35,528	(62,176)
<b>Total town assistance grants</b>	<b>716,277</b>	<b>716,277</b>	<b>384,266</b>	<b>(332,011)</b>
<b>Total intergovernmental</b>	<b>1,315,421</b>	<b>1,315,421</b>	<b>1,009,452</b>	<b>(305,969)</b>
Investment Income	125,000	125,000	73,861	(51,139)
Charges for Services				
Town Clerk	176,000	176,000	254,901	\$ 78,901
Building department	180,000	180,000	131,692	(48,308)
660 Morehouse Road	380,050	380,050	402,369	22,319
Health Department	18,000	18,000	23,105	5,105
Planning and Zoning	18,000	18,000	24,388	6,388
Conservation Commission	7,000	7,000	13,778	6,778
Police Department	125,000	125,000	383,420	258,420
First Selectman	93,920	93,920	98,227	4,307

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Revenues and Other Financing Sources - Budget and Actual (Continued)**  
**General Fund**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Charges for Services (Continued)</b>				
Fire Marshal	\$ 500	\$ 500	\$ -	\$ (500)
Parks and Recreation	24,541	24,541	-	(24,541)
Region 9 tuition	3,097	3,097	18,674	15,577
BOE tuition	4,370	4,370	42,624	38,254
Recycling bins	14,000	14,000	19,853	5,853
Highway Department	2,500	2,500	4,580	2,080
Other	100,000	100,000	39,912	(60,088)
<b>Total charges for services</b>	<b>1,146,978</b>	<b>1,146,978</b>	<b>1,457,523</b>	<b>310,545</b>
<b>Total revenues</b>	<b>41,813,878</b>	<b>41,813,868</b>	<b>42,455,325</b>	<b>641,457</b>
<b>Other Financing Sources</b>				
Fund balance reserved for FY 14-15	180,000	180,000	-	(180,000)
<b>Total other financing sources</b>	<b>180,000</b>	<b>180,000</b>	<b>-</b>	<b>(180,000)</b>
<b>Total revenues and other financing sources</b>	<b>\$ 41,993,878</b>	<b>\$ 41,993,868</b>	<b>42,455,325</b>	<b>\$ 461,457</b>
<b>Budgetary Revenues are Different Than GAAP Revenues Because:</b>				
State of Connecticut on-behalf payments to the Connecticut State				
Teachers' Retirement System for Town teachers are not budgeted			1,903,000	
Non-budgeted transfers in			<u>408,090</u>	
<b>Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - general fund - Exhibit IV</b>			<u>\$ 44,766,415</u>	

**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures and Other Financing Uses - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2015**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>General Government</b>					
Town Clerk	\$ 166,605	\$ -	\$ 166,605	\$ 154,890	\$ 11,715
First Selectman	160,410	-	160,410	156,760	3,650
Probate Court	3,300	-	3,300	3,237	63
Registrar of Voters	49,285	-	49,285	47,515	1,770
Board of Finance	6,100	-	6,100	5,127	973
Auditors	38,385	-	38,385	34,000	4,385
Treasurer	188,181	-	188,181	184,820	3,361
Assessor	184,758	(67,000)	117,758	117,553	205
Board of Assessment Appeals	800	-	800	667	133
Tax Collector	90,531	-	90,531	87,890	2,641
Town attorney	160,000	-	160,000	104,425	55,575
Planning and Zoning Commission	120,854	-	120,854	113,930	6,924
Zoning Board of Appeals	7,736	-	7,736	6,736	1,000
Building Department	101,130	-	101,130	95,880	5,250
Technology computer	35,000	-	35,000	28,633	6,367
Town Hall	135,845	-	135,845	105,445	30,400
Communication dispatchers	238,172	-	238,172	230,815	7,357
Commission for the Elderly	52,796	-	52,796	52,796	-
Senior Center	178,037	-	178,037	177,980	57
SSS building	353,108	-	353,108	325,083	28,025
Cemetery	2,432	-	2,432	170	2,262
Public celebrations	200	-	200	176	24
<b>Total general government</b>	<b>2,273,665</b>	<b>(67,000)</b>	<b>2,206,665</b>	<b>2,034,528</b>	<b>172,137</b>
<b>Public Safety</b>					
Police Department	1,512,182	267,858	1,780,040	1,753,064	26,976
Fire Department	890,719	(70,000)	820,719	806,644	14,075
Fire Marshall	30,180	-	30,180	18,446	11,734
Emergency Management	11,051	-	11,051	11,051	-
Firehouse rent	41,000	-	41,000	41,000	-
Conservation Commission	39,064	-	39,064	38,587	477
<b>Total public safety</b>	<b>2,524,196</b>	<b>197,858</b>	<b>2,722,054</b>	<b>2,668,792</b>	<b>53,262</b>
<b>Public Works</b>					
Recycling	148,050	-	148,050	131,354	16,696
Highway Department	2,061,230	-	2,061,230	1,900,580	160,650
Street lights	1,332	23	1,355	1,355	-
Engineering and professional services	32,300	-	32,300	23,010	9,290
<b>Total public works</b>	<b>2,242,912</b>	<b>23</b>	<b>2,242,935</b>	<b>2,056,299</b>	<b>186,636</b>
<b>Health and Welfare</b>					
Health Director	75,408	2,467	77,875	77,875	-
EMS Commission	301,603	-	301,603	301,539	64
Welfare	4,144	-	4,144	2,605	1,539
<b>Total health and welfare</b>	<b>381,155</b>	<b>2,467</b>	<b>383,622</b>	<b>382,019</b>	<b>1,603</b>

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)**  
**General Fund**  
**For the Year Ended June 30, 2015**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Education</b>					
Easton Board of Education:					
General instruction	\$ 7,175,705	\$ (40,362)	\$ 7,135,343	\$ 7,546,226	\$ (410,883)
Kindergarten	9,952	625	10,577	9,343	1,234
Humanities	32,492	(408)	32,084	29,684	2,400
Integrated language arts	27,408	4,437	31,845	28,214	3,631
Curriculum	65,392	1,246	66,638	66,638	-
Science/math technology	22,697	2,216	24,913	21,521	3,392
Physical education/health	6,233	-	6,233	5,641	592
Student Activity Co-curricular	-	-	-	-	-
Special services	23,390	-	23,390	14,814	8,576
Special education	3,389,871	24,665	3,414,536	3,210,447	204,089
Guidance	2,768	-	2,768	2,453	315
Health services	181,568	2,653	184,221	179,599	4,622
Psychological services	11,950	(200)	11,750	6,379	5,371
Speech services	8,520	-	8,520	2,430	6,090
Educational media services	84,407	(1,537)	82,870	83,631	(761)
Technology plan	296,974	1,812	298,786	294,048	4,738
Board of Education	89,580	(1,246)	88,334	65,519	22,815
Central administration	550,606	-	550,606	550,606	-
School administration	1,036,007	(1,857)	1,034,150	994,518	39,632
Operation/Maint. Physical Plant	1,458,112	13,738	1,471,850	1,411,989	59,861
Student transportation	927,134	(6,500)	920,634	876,325	44,309
Food service	3,000	718	3,718	3,741	(23)
<b>Total Easton Board of Education</b>	<b>15,403,766</b>	<b>-</b>	<b>15,403,766</b>	<b>15,403,766</b>	<b>-</b>
Regional School District No. 9	10,417,741	-	10,417,741	10,417,741	-
<b>Total education</b>	<b>25,821,507</b>	<b>-</b>	<b>25,821,507</b>	<b>25,821,507</b>	<b>-</b>
Library	604,149	-	604,149	583,703	20,446
<b>Parks and Recreation</b>					
Parks and Recreation Commission	384,253	-	384,253	377,877	6,376
Tree Warden	6,507	1,667	8,174	8,174	-
<b>Total parks and recreation</b>	<b>390,760</b>	<b>1,667</b>	<b>392,427</b>	<b>386,051</b>	<b>6,376</b>
<b>Employee Benefits</b>					
Pensions	996,910	-	996,910	965,575	31,335
Fringe benefits	1,836,091	-	1,836,091	1,567,780	268,311
Social Security and Medicare	431,000	-	431,000	426,906	4,094
<b>Total employee benefits</b>	<b>3,264,001</b>	<b>-</b>	<b>3,264,001</b>	<b>2,960,261</b>	<b>303,740</b>
Insurance	889,759	15,097	904,856	904,856	-
Other - Contingency	80,000	(74,180)	5,820	3,341	2,479

(Continued)

**Required Supplementary Information - Unaudited**  
**Schedule of Expenditures and Other Financing Uses - Budget and Actual (Continued)**  
**General Fund**  
**For the Year Ended June 30, 2015**

	Original	Transfers and Additional Appropriations	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Debt Service</b>					
Principal retirement	\$ 2,706,000	\$ -	\$ 2,706,000	\$ 2,706,000	\$ -
Interest payments	716,926	-	716,926	699,224	17,702
Fiscal agent fees	20,500	-	20,500	20,500	-
<b>Total debt service</b>	<u>3,443,426</u>	<u>-</u>	<u>3,443,426</u>	<u>3,425,724</u>	<u>17,702</u>
<b>Total expenditures</b>	<u>41,915,530</u>	<u>75,932</u>	<u>41,991,462</u>	<u>41,227,081</u>	<u>764,381</u>
<b>Other Financing Uses</b>					
Transfers out:					
Dog fund	78,348	-	78,348	78,348	-
Capital nonrecurring	-	137,000	137,000	481,280	(344,280)
<b>Total other financing uses</b>	<u>78,348</u>	<u>137,000</u>	<u>215,348</u>	<u>559,628</u>	<u>(344,280)</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 41,993,878</u>	<u>\$ 212,932</u>	<u>\$ 42,206,810</u>	<u>41,786,709</u>	<u>\$ 420,101</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State

Teachers' Retirement System for Town teachers are not budgeted

1,903,000

**Total expenditures and other financing uses as reported on the  
statement of revenues, expenditures and changes in fund  
balances - general fund - Exhibit IV**

\$ 43,689,709

**Note to Required Supplementary Information – Unaudited**

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**Note 1. Stewardship, Compliance and Accountability**

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

- The budget is recommended by the Board of Finance at a Town Meeting and, if accepted, is adopted prior to July 1.
- The Board of Finance is authorized to transfer budgeted amounts within and between departments and to approve the first additional appropriation for a department, not to exceed \$20,000, in any one year. Additional appropriations after the first or in excess of \$20,000 must be approved by vote of a Town Meeting. During the year, the Board of Finance or Town Meeting approved additional appropriations of \$134,584 from fund balance.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval.
- Generally, all unencumbered appropriations lapse at year end, except for those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

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





**General Fund**



**Balance Sheet**  
**General Fund**  
**June 30, 2015**

	2015
<b>Assets</b>	
Cash and cash equivalents	\$ 5,077,236
Investments	4,020,856
Property taxes receivable, net of allowance for uncollectible amounts	1,871,351
Accounts receivable	<u>332,308</u>
<b>Total assets</b>	<b><u>\$ 11,301,751</u></b>
<b>Liabilities, Deferred Inflow of Resources and Fund Balances</b>	
Liabilities	
Accounts payable	1,104,638
Accrued liabilities	1,095,199
Due to Regional School District No. 9	810,826
Due to other funds	371,471
Unearned revenue	<u>24,165</u>
<b>Total liabilities</b>	<b><u>3,406,299</u></b>
Deferred Inflows of Resources - Unavailable Revenue	<u>1,718,492</u>
Fund Balances	
Assigned for subsequent year's budget	500,000
Assigned for potential claims	140,000
Unassigned	<u>5,536,960</u>
<b>Total fund balance</b>	<b><u>6,176,960</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 11,301,751</u></b>

Town of Easton, Connecticut

Exhibit A-2

Report of Tax Collector  
For the Year Ended June 30, 2015

Grand List Year	Uncollected Taxes/Levy July 1, 2014	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2015
			Additions	Deletions			Taxes	Liens and Interest	Total	
2013	\$ -	\$ 39,595,463	\$ 31,631	\$ 70,145	\$ -	\$ 39,556,949	\$ 39,015,384	\$ 104,746	\$ 39,120,130	\$ 541,565
2012	552,080	-	1,155	5,284	-	547,951	222,006	51,826	273,832	325,945
2011	333,184	-	1,041	282	16,363	317,580	99,754	37,363	137,117	217,826
2010	224,207	-	616	72	-	224,751	48,075	41,592	89,667	176,676
2009	168,140	-	-	70	-	168,070	60,345	36,539	96,884	107,725
2008	63,554	-	-	54	-	63,500	17,982	9,487	27,469	45,518
2007	24,028	-	-	-	-	24,028	-	-	-	24,028
2006	16,040	-	-	-	-	16,040	-	2,100	2,100	16,040
2005	451	-	-	-	-	451	-	-	-	451
2004	2,042	-	-	-	-	2,042	-	-	-	2,042
2003	985	-	-	-	-	985	-	-	-	985
2002	768	-	-	-	-	768	-	-	-	768
2001	733	-	-	-	-	733	-	-	-	733
2000	302	-	-	-	-	302	-	-	-	302
1999	2,304	-	-	-	-	2,304	-	-	-	2,304
1998	370	-	-	-	-	370	-	-	-	370
<b>Total</b>	<b>\$ 1,389,188</b>	<b>\$ 39,595,463</b>	<b>\$ 34,443</b>	<b>\$ 75,907</b>	<b>\$ 16,363</b>	<b>\$ 40,926,824</b>	<b>39,463,546</b>	<b>\$ 283,653</b>	<b>\$ 39,747,199</b>	<b>\$ 1,463,278</b>
Property taxes receivable considered available:										
June 30, 2014							(94,309)			
June 30, 2015							228,715			
Property tax revenues							<u>\$ 39,597,952</u>			

**Nonmajor Governmental Funds**



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Town of Easton, Connecticut

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2015

	Special Revenue Funds			
	Education Grants	Easton Day	Police Donations	Police Grants
<b>Assets</b>				
Cash	\$ 25,678	\$ 4,559	\$ 6,733	\$ 157,734
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 25,678</b>	<b>\$ 4,559</b>	<b>\$ 6,733</b>	<b>\$ 157,734</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 23,430	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>23,430</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>23,430</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>				
Restricted	2,248	-	6,733	157,734
Committed	-	4,559	-	-
Unassigned	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>2,248</b>	<b>4,559</b>	<b>6,733</b>	<b>157,734</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 25,678</b>	<b>\$ 4,559</b>	<b>\$ 6,733</b>	<b>\$ 157,734</b>



Special Revenue Funds								
Senior Center	Agriculture Land Preservation	Cemetery Fund	Dog Fund	D.A.R.E.	Parks and Recreation Activity Fund	Solid Waste Program	Library	
\$ 4,635	\$ 66,595	\$ 18,109	\$ 153,883	\$ 53,827	\$ 143,868	\$ -	\$ 385,807	
-	-	-	-	-	-	-	668,481	
650	-	-	355	-	-	32,760	-	
-	-	-	-	-	-	-	-	
<u>\$ 5,285</u>	<u>\$ 66,595</u>	<u>\$ 18,109</u>	<u>\$ 154,238</u>	<u>\$ 53,827</u>	<u>\$ 143,868</u>	<u>\$ 32,760</u>	<u>\$ 1,054,288</u>	
\$ 7,949	\$ -	\$ -	\$ 4,844	\$ 51	\$ 24,961	\$ 42,981	\$ -	
2,999	-	-	-	-	-	-	-	
<u>10,948</u>	<u>-</u>	<u>-</u>	<u>4,844</u>	<u>51</u>	<u>24,961</u>	<u>42,981</u>	<u>-</u>	
-	-	-	-	-	-	-	-	
-	-	-	4,844	51	24,961	42,981	-	
-	-	-	-	-	-	-	-	
-	66,595	18,109	149,394	53,776	118,907	-	1,054,288	
(5,663)	-	-	-	-	-	(10,221)	-	
<u>(5,663)</u>	<u>66,595</u>	<u>18,109</u>	<u>149,394</u>	<u>53,776</u>	<u>118,907</u>	<u>(10,221)</u>	<u>1,054,288</u>	
<u>\$ 5,285</u>	<u>\$ 66,595</u>	<u>\$ 18,109</u>	<u>\$ 154,238</u>	<u>\$ 53,827</u>	<u>\$ 143,868</u>	<u>\$ 32,760</u>	<u>\$ 1,054,288</u>	

(Continued)

Town of Easton, Connecticut

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

June 30, 2015

	Special Revenue Funds			
	Open Space	EMS Special Services	Police Asset	Records Preservation
<b>Assets</b>				
Cash	\$ 806,916	\$ 42,499	\$ 47,553	\$ 16,788
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 806,916</b>	<b>\$ 42,499</b>	<b>\$ 47,553</b>	<b>\$ 16,788</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities				
Accounts payable	\$ -	\$ 6,745	\$ 119	\$ -
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>6,745</b>	<b>119</b>	<b>-</b>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances (Deficits)				
Restricted	-	-	-	-
Committed	806,916	35,754	47,434	16,788
Unassigned	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>806,916</b>	<b>35,754</b>	<b>47,434</b>	<b>16,788</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 806,916</b>	<b>\$ 42,499</b>	<b>\$ 47,553</b>	<b>\$ 16,788</b>

Special Revenue Funds							
Paine Barn Fund	Social Service	Town Hall Grants	Senior Center Leasing Buyout	Miscellaneous Grants	Town Clerk Community Fee	Land Acquisition	
\$ 6,616	\$ 36,970	\$ 2,188	\$ -	\$ 38,768	\$ 20,304	\$ 8,752	
-	-	-	-	-	-	-	
-	-	50	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ 6,616</u>	<u>\$ 36,970</u>	<u>\$ 2,238</u>	<u>\$ -</u>	<u>\$ 38,768</u>	<u>\$ 20,304</u>	<u>\$ 8,752</u>	
\$ 3,645	\$ -	\$ -	\$ 4,817	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	
<u>3,645</u>	<u>-</u>	<u>-</u>	<u>4,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	38,768	-	-	
2,971	36,970	2,238	-	-	20,304	8,752	
-	-	-	(4,817)	-	-	-	
<u>2,971</u>	<u>36,970</u>	<u>2,238</u>	<u>(4,817)</u>	<u>38,768</u>	<u>20,304</u>	<u>8,752</u>	
<u>\$ 6,616</u>	<u>\$ 36,970</u>	<u>\$ 2,238</u>	<u>\$ -</u>	<u>\$ 38,768</u>	<u>\$ 20,304</u>	<u>\$ 8,752</u>	

(Continued)

Combining Balance Sheet (Continued)  
 Nonmajor Governmental Funds  
 June 30, 2015

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Senior Center Van	9/11 Memorial Fund	Field Usage Fund	Capital Nonrecurring Projects	
<b>Assets</b>					
Cash	\$ -	\$ 1,053	\$ 24,998	\$ 229,703	\$ 2,304,536
Investments	-	-	-	-	668,481
Accounts receivable	6,871	-	-	-	40,686
Due from other governments	-	-	-	80,976	80,976
<b>Total assets</b>	<b>\$ 6,871</b>	<b>\$ 1,053</b>	<b>\$ 24,998</b>	<b>\$ 310,679</b>	<b>\$ 3,094,679</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 18,285	\$ -	\$ 10,138	\$ 3,230	\$ 151,195
Unearned revenue	-	-	-	-	2,999
<b>Total liabilities</b>	<b>18,285</b>	<b>-</b>	<b>10,138</b>	<b>3,230</b>	<b>154,194</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	-	-	-	80,976	80,976
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,976</b>	<b>80,976</b>
<b>Fund Balances (Deficits)</b>					
Restricted	-	-	-	-	205,483
Committed	-	1,053	14,860	226,473	2,686,141
Unassigned	(11,414)	-	-	-	(32,115)
<b>Total fund balances (deficits)</b>	<b>(11,414)</b>	<b>1,053</b>	<b>14,860</b>	<b>226,473</b>	<b>2,859,509</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 6,871</b>	<b>\$ 1,053</b>	<b>\$ 24,998</b>	<b>\$ 310,679</b>	<b>\$ 3,094,679</b>

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Town of Easton, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2015

	Special Revenue Funds			
	Education Grants	Easton Day	Police Donations	Police Grants
<b>Revenues</b>				
Intergovernmental	\$ 254,447	\$ -	\$ -	\$ 6,000
Charges for services	-	-	-	-
Investment income	-	-	-	-
Contributions	-	-	400	-
<b>Total revenues</b>	<b>254,447</b>	<b>-</b>	<b>400</b>	<b>6,000</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health and Welfare	-	-	-	-
Education	255,775	-	-	-
Library	-	-	-	-
Parks and Recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>255,775</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,328)</b>	<b>-</b>	<b>400</b>	<b>6,000</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,328)</b>	<b>-</b>	<b>400</b>	<b>6,000</b>
Fund Balances (Deficits), Beginning of Year	3,576	4,559	6,333	151,734
Fund Balances (Deficits), End of Year	\$ 2,248	\$ 4,559	\$ 6,733	\$ 157,734

Special Revenue Funds							
Senior Center	Agriculture Land Preservation	Cemetery Fund	Dog Fund	D.A.R.E.	Parks and Recreation Activity Fund	Solid Waste Program	Library
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29,981	-	-	16,775	9,007	339,897	296,631	15,271
-	100	44	-	-	-	-	8,642
-	-	-	-	-	-	-	-
29,981	100	44	16,775	9,007	339,897	296,631	23,913
25,266	-	-	-	-	-	-	-
-	-	-	96,605	5,505	-	-	-
-	-	-	-	-	-	277,346	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	21,267
-	-	-	-	-	329,944	-	-
-	-	-	-	-	-	-	-
25,266	-	-	96,605	5,505	329,944	277,346	21,267
4,715	100	44	(79,830)	3,502	9,953	19,285	2,646
-	-	-	-	-	-	-	-
-	-	-	78,348	-	-	-	-
-	-	-	78,348	-	-	-	-
4,715	100	44	(1,482)	3,502	9,953	19,285	2,646
(10,378)	66,495	18,065	150,876	50,274	108,954	(29,506)	1,051,642
\$ (5,663)	\$ 66,595	\$ 18,109	\$ 149,394	\$ 53,776	\$ 118,907	\$ (10,221)	\$ 1,054,288

(Continued)

Town of Easton, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Nonmajor Governmental Funds

For the Year Ended June 30, 2015

	Special Revenue Funds			
	Open Space	EMS Special Services	Police Asset	Records Preservation
<b>Revenues</b>				
Intergovernmental	\$ 20,225	\$ -	\$ -	\$ -
Charges for services	-	74,069	-	2,445
Investment income	1,199	-	144	-
Contributions	-	-	-	-
<b>Total revenues</b>	<b>21,424</b>	<b>74,069</b>	<b>144</b>	<b>2,445</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	4,138
Public Safety	-	-	30,231	-
Public Works	-	-	-	-
Health and Welfare	-	26,381	-	-
Education	-	-	-	-
Library	-	-	-	-
Parks and Recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>26,381</b>	<b>30,231</b>	<b>4,138</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>21,424</b>	<b>47,688</b>	<b>(30,087)</b>	<b>(1,693)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>21,424</b>	<b>47,688</b>	<b>(30,087)</b>	<b>(1,693)</b>
Fund Balances, Beginning of Year	785,492	(11,934)	77,521	18,481
Fund Balances, End of Year	\$ 806,916	\$ 35,754	\$ 47,434	\$ 16,788



Special Revenue Funds							
Paine Barn Fund	Social Service	Town Hall Grants	Senior Center Leasing Buyout	Miscellaneous Grants	Town Clerk Community Fee	Land Acquisition	
\$ -	\$ -	\$ 15,942	\$ -	\$ 5,000	\$ -	\$ -	\$ -
-	2,250	-	-	-	2,729	-	-
12	17	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12	2,267	15,942	-	5,000	2,729	-	-
3,655	-	14,667	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,078	370	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,655	4,078	15,037	-	-	-	-	-
(3,643)	(1,811)	905	-	5,000	2,729	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(3,643)	(1,811)	905	-	5,000	2,729	-	-
6,614	38,781	1,333	(4,817)	33,768	17,575	8,752	
\$ 2,971	\$ 36,970	\$ 2,238	\$ (4,817)	\$ 38,768	\$ 20,304	\$ 8,752	

(Continued)

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

## Nonmajor Governmental Funds

For the Year Ended June 30, 2015

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Senior Center Van	9/11 Memorial Fund	Field Usage Fund	Capital Nonrecurring Projects	
<b>Revenues</b>					
Intergovernmental	\$ 51,431	\$ -	\$ -	\$ 474,985	\$ 828,030
Charges for services	-	-	72,293	90,764	952,112
Investment income	-	-	-	124	10,282
Contributions	-	-	-	-	400
<b>Total revenues</b>	<b>51,431</b>	<b>-</b>	<b>72,293</b>	<b>565,873</b>	<b>1,790,824</b>
<b>Expenditures</b>					
Current:					
General government	51,974	-	-	-	99,700
Public Safety	-	-	-	-	132,341
Public Works	-	-	-	-	277,346
Health and Welfare	-	-	-	-	30,829
Education	-	-	-	-	255,775
Library	-	-	-	-	21,267
Parks and Recreation	-	-	68,534	-	398,478
Capital outlay	-	-	-	538,015	538,015
<b>Total expenditures</b>	<b>51,974</b>	<b>-</b>	<b>68,534</b>	<b>538,015</b>	<b>1,753,751</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(543)</b>	<b>-</b>	<b>3,759</b>	<b>27,858</b>	<b>37,073</b>
<b>Other Financing Sources (Uses)</b>					
Transfers out	-	-	-	(408,090)	(408,090)
Transfers in	-	-	-	481,280	559,628
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73,190</b>	<b>151,538</b>
<b>Net change in fund balances</b>	<b>(543)</b>	<b>-</b>	<b>3,759</b>	<b>101,048</b>	<b>188,611</b>
Fund Balances, Beginning of Year	(10,871)	1,053	11,101	125,425	2,670,898
Fund Balances, End of Year	\$ (11,414)	\$ 1,053	\$ 14,860	\$ 226,473	\$ 2,859,509

**Fiduciary Funds**



**Combining Statement of Changes in Assets and Liabilities - Agency Funds  
For the Fiscal Year Ended June 30, 2015**

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b>Assets</b>				
Cash				
Performance and road bonds	\$ 1,591,064	\$ 69,707	\$ 99,464	\$ 1,561,307
Student activity	69,584	131,515	150,476	50,623
	<hr/>			
<b>Total assets</b>	<b>\$ 1,660,648</b>	<b>\$ 201,222</b>	<b>\$ 249,940</b>	<b>\$ 1,611,930</b>
	<hr/>			
<b>Liabilities</b>				
Accounts payable				
Performance and road bonds	\$ 1,591,064	\$ 69,707	\$ 99,464	\$ 1,561,307
Student activity	69,584	131,515	150,476	50,623
	<hr/>			
<b>Total liabilities</b>	<b>\$ 1,660,648</b>	<b>\$ 201,222</b>	<b>\$ 249,940</b>	<b>\$ 1,611,930</b>
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**Other Schedules**





**Schedule of Debt Limitation  
June 30, 2015**

Total Tax Collections (Including Interest and Lien Fees)	
For the year ended June 30, 2015:	
Town of Easton	\$ 39,747,015
Reimbursement for Revenue Loss	
Tax relief for elderly freeze	<u>31,555</u>
<b>Base for debt limitation computation</b>	<b><u>\$ 39,778,570</u></b>

	General Purpose	Schools	Sewer & Water	Urban Renewal	Unfunded Pension Benefit Obligation
<b>Debt Limitation</b>					
2-1/4 times base	\$ 89,501,783	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	179,003,565	-	-	-
3-3/4 times base	-	-	149,169,638	-	-
3-1/4 times base	-	-	-	129,280,353	-
3 times base	-	-	-	-	119,335,710
<b>Total debt limitation</b>	<u>89,501,783</u>	<u>179,003,565</u>	<u>149,169,638</u>	<u>129,280,353</u>	<u>119,335,710</u>
<b>Indebtedness</b>					
Bonds payable	3,399,000	18,108,000	238,000	-	-
Bond anticipation notes payable	4,918,000	-	-	-	-
Authorized, unissued debt	183,000	23,059	-	-	-
Easton portion of Regional School District No. 9 bonds	-	6,248,040	-	-	-
School building grant	-	-	-	-	-
<b>Net indebtedness</b>	<u>8,500,000</u>	<u>24,379,099</u>	<u>238,000</u>	<u>-</u>	<u>-</u>
<b>Debt Limitation in Excess of Indebtedness</b>	<b><u>\$ 81,001,783</u></b>	<b><u>\$ 154,624,466</u></b>	<b><u>\$ 148,931,638</u></b>	<b><u>\$ 129,280,353</u></b>	<b><u>\$ 119,335,710</u></b>

In No Event Shall Total Indebtedness Exceed \$278,449,990 or Seven Times the Base for Debt Limitation Computation.

**Capital Projects Authorizations  
June 30, 2015**

Capital Project Fund	Authorization	Current Year Expenditures	Cumulative Expenditures	Balance June 30, 2015
<b>Capital Nonrecurring</b>				
Wells Hill bridge	\$ 729,324	\$ -	\$ 625,680	\$ 103,644
Town improvement trust fund	49,655	-	41,966	7,689
Fire truck	1,327,420	-	1,116,063	211,357
EMS ambulance	281,400	-	276,106	5,294
Heat and smoke systems	6,500	-	-	6,500
Senior Center van	163,160	48,463	148,604	14,556
Fire code work	14,925	-	14,730	195
Subdivision funds	105,507	-	-	105,507
Planning and Zoning Town plans	56,250	-	47,599	8,651
Town garage	122,285	-	110,981	11,304
EMS defibrillator	65,355	-	64,260	1,095
EMS - generator	10,375	-	7,522	2,853
Revaluation	475,926	45,418	451,982	23,944
Telephone System Town Hall	6,500	-	6,495	5
Central Office Relocation SP approp.	19,500	-	19,244	256
Fire Department breathing apparatus	77,500	-	77,353	147
Park and Recreation Veterans Park	46,050	-	44,810	1,240
Park and Recreation Toth Park-DEP	21,225	-	18,455	2,770
Morehouse Road Little League Fields	105,000	-	99,695	5,305
Fire hydrants	5,266	-	4,250	1,016
Garage	26,822	-	25,368	1,454
Highway trucks	298,700	-	283,981	14,719
Staples renovation fire suppression	455,000	-	382,051	72,949
EMS building renovations	86,797	29,992	84,810	1,987
Town financials	4,800	-	3,814	986
Animal shelter	593,150	-	592,620	530
Town Hall vault	5,000	-	4,942	58
423-660 Morehouse Rd. lead paint	159,700	25,016	155,905	3,795
Open Air Pavilion	31,564	-	-	31,564
Morehouse Rd. repair and permanent	347,357	231,357	347,357	-
Fire Radios - LOCIP	42,419	9,858	41,795	624
EMS Radios - LOCIP	34,045	-	31,793	2,252
Dispatch - Console - Locip	164,780	164,780	164,780	-
Public Works Radios - LOCIP	79,040	-	-	79,040
	<b>\$ 6,018,297</b>	<b>\$ 554,884</b>	<b>\$ 5,295,011</b>	<b>\$ 723,286</b>
<b>Bonded Capital Projects</b>				
Water main extension	\$ 363,164	\$ -	\$ 363,164	\$ -
School Building Committee "2001"	31,239,088	-	31,195,429	43,659
Staples Elementary	1,643,500	-	1,614,554	28,946
C.O. bonding authorization	370,858	-	370,412	446
South Park Avenue	6,450,000	349	6,286,527	163,473
HKMS School Building	11,168,617	-	11,164,486	4,131
	<b>\$ 51,235,227</b>	<b>\$ 349</b>	<b>\$ 50,994,572</b>	<b>\$ 240,655</b>